

Maclean's

Canada's Weekly Newsmagazine

June 14, 1999

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ONTARIO
Tory Times
FILM
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E X C L U S I V E

THE TAX DODGERS



How middle-class
Canadians are hiding
their money offshore

By Jane O'Hara

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From the
Editor

Ontario's silent minority

On the outskirts of Toronto, an estimated 200,000 motorists and truck drivers barrel along a 67-km stretch of sprawling new highway as they go about their daily rounds. Highway 407 is a user-pay toll road and is privately owned by a consortium that includes one of Spain's largest corporations and the Quebec government's investment arm, the *Caisse de dépôt*. It is also a symbol of the dramatic changes that are taking place in Ontario—changes that helped re-elect Premier Mike Harris and his Conservatives last week (page 18).

Appropriately, Highway 407 runs through the heart of the "Tory strong-hold known as '905 country," the telephone area code of the suburban enclaves that are the Tory heartland. It allows drivers to avoid the snarl of Toronto's traffic, much as voters in '95 have turned their backs on all those off-lying leopards and lions who populate the metropolis to the south.

Mike Harris is an unassuming man with a deceptively bold agenda. His government's decision in April to toll off Highway 407 for \$3.1 billion is only one of the stunning changes he has

made since the Tories were elected in 1995. In addition to legions in health and welfare budgets, Harris has turned the education system on its ear, wrenched from the province's educational role as a bridge-builder between Quebec and the rest of Canada and set a national agenda for cutting pension costs. The cultural sector yields a small but



Mike and Janet Harris: a bold agenda

telling example: money for grants to artists has been slashed in favour of a \$30-million Cultural Activities Fund run by the Ontario Arts Council. It will provide nonprofit organizations with applicable loans to cover the costs of mounting special events, such as an ex-

hibits, if they attract tourists. Harris had other targets: "union-bosses" welfare recipients and teenage kids. The tougher he got, the more people approved.

Or at least a silent minority of 45 per cent of those voting approved, which was enough for victory in a three-way race. Now, he has an opportunity to consolidate and modify his program. He is constrained to spending again on health care. The booming economy likely will allow him to deliver on his other size cuts. That is, there will fuel a national trend—much as Ralph Klein's Conservatives in Alberta stalked the drive to spending cuts of yore. In turn, Klein's desire for a flat tax on incomes will gain ground in Ontario. Indeed, there is now the potential for a Harris-Klein axis in Canadian affairs. They share the same ideology and have a mutual interest in retaining the backing of federal Reformers who abound in both provinces. Ontario and '95's economy could be revived. It wouldn't take a toll road to link them.

Robert Lewis

Newsmen

Notes The business beat

The column by Senior Business Correspondent Ross Lewis has moved to weekly frequency, following the semi-retirement of Peter C. Newman, who will continue to appear monthly. The column by Denise McMurley, a corporate business officer of Microsoft



O'Hara, Lewis on special assignments

and now a regular on CTV's *Canada AM*, continues next month in an expanded format. Since Lewis joined *Michelin* in 1988, he has been based

chief in London and Ottawa and served as editor in charge of the Canada, world and business sections.

Exclusive report

This week's cover story on offshore tax havens, in the weeks since March, is by Senior Writer Jane O'Hara. O'Hara met Assistant Photo Editor Phil Seel travelled to the Cayman Islands and Bahamas. Assistant Managing Editor Peter Kopelovich oversaw the investigative project. It was designed by Associate Art Director Gaele Subura.

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Working life

Your cover story "The best and worst jobs" (May 31) found that a healthy work-life balance was the most important factor affecting job satisfaction and employee commitment. Meanwhile, companies are having to work harder to attract and retain talented employees. Clearly, it's time for companies to ditch any model of domestic and overseas "arabians." Not only does it make life miserable for employees, it's not cost-effective in the long run. Employees get burned out, performance suffers and those who have the chance take their skills elsewhere. Employees should also drop their expectations of long hours and overtime (often unpaid) and instead offer choices such as shorter workweeks, job-sharing, extended parental leave, sabbaticals and phased-in retirement. This would make the lives of time-crunched workers a lot better. It would also pay off for firms, as a number of company-employee programs in Canada and the United States have shown. And the social benefits of allowing more time for parents to participate in the lives of their children would be enormous.

Andrea Haykin, Toronto



I'm not an inadequate stay-at-home mom with so much to be grateful for. But my story brought home to me once again the sad fact that Canadian society does not believe in the working because the children look after seven days a week, 24 hours a day are my own, yet the women down the street are looking after other people's kids and you paid for it. How I would have loved to append to the poll that asks whether "I have the resources I need to do my job well." My organization trains our customers' needs. My job often is so stressful that I feel burned out. "Maclean's" makes a golden opportunity to put some value and recognition back into the job of raising the nation's children.

Joan Mills, Guelph, Ont.

In the past, many people had two lives—a work life and a personal life. Work was often a duty to support the personal, and if you found satisfaction and fulfillment in work, then lucky you. Today, we want it all and are not willing to lead one life. As a life-purpose and success coach, I know the effort it takes to help people identify what brings fulfillment in their lives—a lot of contemplation and effort. On top of their other duties, I see hope isn't the wage of the job to create an environment of purposefulness and significance for employees. Each person must take responsibility for finding or creating purpose and fulfillment in his or her own life. We need to recognize what it means to be relaxed, and so have an impact. Then, together, we can find ways to acknowledge each person's contribution to what we call work.

Robert Hamilton, Markham, Ont.

Globalization fallout

So, let me get this straight after years of explaining the "necessity" of globalization to Canadians, columnist Peter C. Newman now wonders about how we ever got to finding in hindsight about changing the focus of our country for the better. For some time now, I've been reading his columns and wondering how someone so well informed about the negative effects of what is commonly referred to as globalization could possibly be so resigned to seeing it become the new constitution of the non-isolated world. In his column of May 31 ("Windows in a future cockpit," The National Business), Mr. Newman singles out and scorns the beleaguered RCMP for selling out to Disney, thus "undermining their mandate by making it subservient to foreign image makers." Welcome, Mr. Newman, to the true meaning of the global economy. The fact of the matter is that the state of our economic and political enterprise we sacrifice on the altar of "free trade," the more helpless Canadians feel about having any say in what happens to us anyway. This, too, is part of the globalization agenda, aided and abetted by journalists such as Mr. Newman, who have cowardly refused to devote from the all-party line since the debate began more than a decade ago. In writing about the real or imagined helplessness of Canadians today and the lack of vision prevalent in the country, he could easily have been writing about himself.

Harry Schmidt, New West, B.C.

The final battle

My father served in Canada's war-time navy as the Second World War ("Winning justice for women," *Business*, Anthony Wilson-Smith, May 17). Like the recently deceased Gordon Olmstead, he could not understand why, as Wilson-Smith wrote, it was "so hard to get so little for people who did so much." As the *Memorial Day Book of Remembrance* in the Peace Tower says "Their generous sacrifice in both war and peace ensured the future of men and women without which society could not have been born and without which we would not now enjoy freedom." Their war-time compensation is a national disgrace.

Sharon Ryan, London, Ont.

The right to speak

Then is the first time in all the years that I have subscribed to *Maclean's* that I have felt the need to write. In "Albion's right to be heard" (May 24), Allan Fotheringham writes about Vancouver columnist Doug Collins as a guest here who escaped from prison, not of his own accord 10 times. On the basis of that escape, Fotheringham states that Collins is entitled to his freedom to "write what he thinks." I lived for six long years under Hitler. I missed my childhood and teenage years. It robbed me of my educational opportunities, and of my parents and most of my family. Now, based on the hardship I suffered, which mainstream me for the rest of my life as I entitled to special privileges? Doug Collins denies the Holocaust. It took me over 50 years to find out what happened to my parents. They did not die from old age. I was brought up to believe that freedom goes hand in hand with responsibility.

Mike Small, Vancouver

Fotheringham sums up his life as columnist on the war against a discredited, bigoted journalist Doug Collins, then looks at the "Island Political Convention" of British Columbia. But his friendly service is not in issue, and based on his situation whether to the editorial crime he has committed against human rights. If Fotheringham thinks the great cause Collins fought for in mid-century was for the freedom to vilify others because of their race or creed, then his own moral stance is in extreme.

Stephen Brinkley, Surrey, B.C.

Sexual morality

About Ann Dawson Johnston's column "Gay-baiting comes out" (May 20) on Winnipeg high school students where Dawson's campaign to fight homophobia in the city's schools. His December 1995 column to a model for us all in the fight against bigotry. But our struggle, it has found the upper elements of intolerance and hatred in our community. Many people work themselves into a burning line over what other people do in bed. I think there should be a very simple "golden rule" when it comes to sexual morality: when the correct to sexual morality; those must be consistent, freely given. The exact



Printing Canadian Business, latest cover in the American will lead to job loss

nature of the act is a profound concern, good, emotion, bad. The important country to this rule is that you can't have and cannot believe that children and adults. But my point remains—it's not the sexual activity itself that determines its moral status, as the presence or absence of freely given consent.

Barbara Pohl, Vancouver

The Winnipeg School Division No. 1 proposed "anti-homophobic education" seems to have much less to do with making children feel safe at school than it does with changing the moral values of the citizens of Winnipeg by re-educating our children. Since the use of safety and tolerance can be addressed through existing rules and policies, the point of this initiative must be something else. I suspect that it is to further the notion that homosexuality is more than just an alternative lifestyle, it is a sexual lifestyle that must not only be tolerated by society but endorsed, supported and encouraged. It is not the role of the public education system to encourage social equality. That was clearly determined when as a society we chose to limit the influence of any particular religion in the public sphere. It is the responsibility of parents to teach their children of which is based on religious be-

liefs (or lack thereof). Trying to protect the parental right to teach morality is not "gay-baiting."

Joel Ellis, Winnipeg

Split-run sellout

Our government has held its own again ("A run for the money," *Business*, June 7). The latest cover in the United States on advertising in split-run magazines translates directly into the loss of high-quality jobs in the Canadian publishing industry. Our negotiating position should have been "Back off as we will close the door on all U.S. publications." In *Maclean's* (Maurice Shultz) Capps the only tough negotiator out there! This is a heart Canada job, this is about our survival as a country.

Walter Bink, Toronto

I find it a bit puzzling that Canada must defend its magazines from the U.S. aggression. I have subscribed to *Maclean's*, *Time* and *Newsweek* for more than 25 years, and *Maclean's* is far superior to the U.S. publications on topics covered by all three. And, of course, if you have any interest in Canadian news, *Maclean's* is the only way to go.

Joe Gault, Ottawa

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A happy season of recognition

And now, for a little unpolished ham tooting. The 22nd National Magazine Awards gala last Friday night proved to be an exceptionally fine evening for Maclean's writers and editors, in a happy season of recognition for the magazine. Senior Writer Jane O'Hara took top honours for investigative reporting and the President's Medal for best overall article for her expose of a pattern of sexual assaults in the ranks of the Canadian military. Assistant Managing Editor Ann Dowsett Johnston and her team won gold for the university ranking package.

As well, film critic Brian D. Johnson received two honourable mentions for articles in the entertainment category, while Executive Editor Bob Levin, Sports Editor James Denehan and their colleagues were recognized for a special package on the Winter Olympics. We also congratulate the other five magazines that won awards, including *Shift*, *Saturday Night* and our Quebec sister, *L'Espresso*, all of which claimed five golds.

O'Hara's *bars*, which exposed a string of privately unreported assaults in a series of articles during 1998, included Senior Writer John Nicol, Researcher-Reporter Sherride Deitel, Ottawa Staff Correspondent John Geddes and Montreal Bureau Chief Brenda Bradwell. The series was edited by Assistant Managing Editor Peter Kopvillon, one of the best practitioners in the country. The investigative efforts, which eventually involved most departments of the magazine, were co-ordinated skillfully by Managing Editor Geoffrey Sklaras.

Earlier this year, the Maclean's series of cover stories on conditions in the military—including one on poor pay and living conditions—received an honourable mention in the Michener Awards at Government House in Ottawa. Experts have credited the military series for bringing about sweeping reforms in the way women are treated in the Canadian

Forces, and for the establishment of a military ombudsman.

The university ranking issue has had uniquely profound impact on university campuses. Clearly, more effort goes into reducing class-room sizes and raising entrance standards, as schools vie for top honours. The team includes Education Editor John Schuchter, Assistant Editor Sandra Farnen and Contributing Editor Mary Dyett.

Both special projects are among several noted by the Canadian Journalism



Dowsett Johnston (left) and O'Hara awarded for covering rape cases



Foundation, which this week is presenting Maclean's with its annual Excellence in Journalism award. The jury cited the magazine for "devoting major resources to covering important public issues, and for its strong, special issues together" and includes a twice-yearly rating of health-care delivery and an annual July 1 issue celebrating the country's history.

The awards would not be possible without the hard work of Art Director Nick Bunnett, Associate Art Director Gaele Sebastes, their staff, the library, and many members of our production, photo, research and copy departments. It is a small but dedicated staff and we derive much of our passion to excel from an extraordinary loyal audience of 800,000 subscribers. In the end, readers are our most important joy.

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Notes

Edited by Tanya Davies

Vancouver's Duthie Books is down, but not out

Buying a book in Vancouver over the past 42 years often meant a trip to the venerable Duthie Book Ltd. Founded by the late Bill Duthie in 1957 and now run by his 48-year-old daughter, Celia, what has become a 10-store chain is known for supporting local writers and providing traditional alternatives to British Columbia's western, the most well-known bookstore in Canada. But recently, Duthie Books hit hard times, and last week it sought bankruptcy protection, declaring liabilities of \$1.7 million. The company owed competition from independent Chapters Inc., a strictly B.C. company, unapologetic bankers and overly ambitious expansion—at opened seven stores in the 1990s—as reasons for its



financial troubles. The last last year of an annual \$5-million contract with the British Columbia Ferry Corp., to stock the ferry's bookstores, did not help either. "It was a terrible blow," says Celia Duthie, who took over the company in 1984.

The news of the Duthie dilemma shook Vancouverites who see the chain as an integral part of their community. "It's like



Duthie, a Duthie store (left) receiving calls from authors saying they can't imagine the local book store without the company.

taking away a piece of the city's soul," says Allan MacDougall, president of Raincoast Book Distribution Ltd., one of Duthie's creditors. (Raincoast is owed approximately \$100,000.) Duthie, however, vows that the stores will remain in place in Vancouver after this period of restructuring. "There has been a lot of talk from authors, publishers—even publishers who are our creditors," she says. "They say they can't imagine the book trade without Duthie."

Last Thursday, Duthie received another token of the city's esteem. Simon Fraser University awarded her an honorary doctor of laws degree. "It was the silver lining," she says, "in an otherwise cloudy time."

Mourning a mauler

They were business suits instead of flaky costumes, but it was still easy to pick out the professional wrestling supermodel Owen Hart's funeral last week in Calgary. They were the truly mourners with long hair and the accuracy of cheer for celebrities' weddings, even though it was raining. Hollywood (Halle) Hagan, who arrived in a white stretch limousine, wore a black bandana on his head. And the Undertaker had to duck to get his legs free through the doorway.

Some of the stars in attendance were from Hart's own family: a legendary dynasty in the pro



Hagan: hardly mourners

wrestling world. His father, Stu, trained a whole who of wrestlers, and his older brother is Bret (The Hitman) Hart, but for Owen's funeral the family wanted to remember the man, not the entertainers. "Kids at school sometimes considered us freaks because of the business," recalled his sister, Diana Smith. "Though I'd say we were all our mothers and Owen would be the one to them, he would never back down." Owen's brother Brock said the hardest thing to accept is the way his brother died, after plunging nine stories during a grandstand match in Kansas City, Mo. "A great athlete such as Owen didn't need to be coming into the ring on a damn cable, wearing a silly cape," he said. "It's so damn frustrating and needless."



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A fast-track life

It has been an insanely frustrating season for Jacques Villeneuve. The Canadian driver, who won North America's IndyCar championship in 1995 and the Formula One crown in 1997, has not been able to finish an F1 race this year because of repeated race-choked failures on his new British

Villeneuve at the São Marina Grand Prix: 'we are more than fast enough'.

Williams Racing car. The car did perform better in the series' last race, the Spanish Grand Prix, where Villeneuve was able to challenge the top-ranked McLaren-Mercedes and Ferrari cars before succumbing to gearbox problems. Villeneuve hopes to turn his fortunes around in Montreal at this week's Air Canada Grand Prix. "We are fast enough, more than fast enough, in



Villeneuve at the São Marina Grand Prix: 'we are more than fast enough'.

fact, to be on the podium," he insists. "We just don't do enough laps." A native Quebecer who now resides in Monaco, Villeneuve faces a media onslaught in Montreal—not to mention an avalanche of requests for gifts from family and friends. "It's kind of stressful because you can't bring anybody," he says. "You're not having a barbecue."

Private snoops

From the old spycaster-the department, the investigative firm Kroll Associates of New York City has hired (former head of the Canadian Security Intelligence Service) Reid Morison to run its Canadian operation. Morison joins a list of former Canadian spies who now work at the business intel-

gence field, including RCMP contraspy master Norman Laidlaw, with KPMG Investigation and Security Inc., and head of the RCMP's commercial and economic crime unit Rod Scanlon, with Forensic Investigative Associates Inc. "We bring intelligence to class," says Morison, who adds that doesn't include the scores he gleaned from being in charge of CSIS. "You all say we know the country's secrets—we don't."

Pop Movies

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Tip: movies in Canada, ranked according to box office receipts during the past days (the number in parentheses indicates the number of screens during 1997).

Source: International Exhibitors.

The macho military

In an action-packed movie about military contractors, John Travolta plays an army investigator trying to solve the rape and

murder of a young female captain—who just happens to be the general's daughter, the tale of the film. *The General's Daughter* has a star-studded cast: Madeleine Stowe, Jason Crumwell, Timothy Hutton and James Woods. But it's Travolta's show, as a man who wears off his clothes during the scenes of military secrecy and loyalty by wearing those in higher circles of society.



Best Sellers

WEEKEND LAST WEEK

Fiction	
1. AN IRONIC NOVEL (Simon & Schuster) 1	
2. THE IRONIC NOVEL (Simon & Schuster) 2	
3. THE IRONIC NOVEL (Simon & Schuster) 3	
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9. THE IRONIC NOVEL (Simon & Schuster) 9	
10. THE IRONIC NOVEL (Simon & Schuster) 10	
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9. THE IRONIC NOVEL (Simon & Schuster) 9	
10. THE IRONIC NOVEL (Simon & Schuster) 10	

Taking art outdoors

It's quirky, but it works! That is a good question when it comes to the hand-made weather vane, whirlygig, birdhouse and lawn ornaments that Canadians have traditionally decorated their personal space with. Curators at the Canadian Museum of Civilization clearly think such accoutrements are worth preserving, having amassed some 28,400 pieces.

Now, the Ottawa-based institution has mounted *This Old Eden*, Canadian Folk Art Quilted featuring 150 pieces. (The show runs until Jan. 9, followed by a anniversary Canadian event.) Douglas & McIntyre and the museum have co-published a companion book of the same name. In 52 photographs delightfully illustrate the whimsy, humour and creativity of Canadians everywhere.



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Opening Notes

Passages

Separated: Diamond drillist and former teenage Nabucco Baseball, Brian his wife, Casey, who lobbied ardently for his freedom, in Raymond, Ala. Rembert was held captive for 94 days at the end of last year by Colombian larger rebel group, the Fuerzas Armadas Revolucionarias de Colombia. He ended up in guerrilla hands after agreeing to switch places with an enemy player whose mother was being. Through the couple were having marital problems at the time of his captivity, Casey brought publicly for her husband's release. Rita Barr recently left Casey and their two daughters, Molly, 2,



Casey and Norbert
Rembert separated

and Robert, 7, and returned to Fayetteville, the Colombian city close to where he was held by guerrillas, to visit a female Colombian friend and to pursue romantic interests in the area.

Died: Singer Mel Torme, 73, of complications from a mild stroke suffered in August, 1986, in Los Angeles. Torme, whose warm vocal style earned him the nickname "the Velvet Fog," was also the co-writer with Robert Wells of the Christmas Song, whose lyrics—"Christmas morning on an open fire/Jack Frost tapping at your nose"—and engaging tone have made it a seasonal favorite for more than 50 years.

Died: Former program director of the Canadian Olympic Games, Andrew Koschik, 56, of abdominal cancer, in Ottawa. Born in Poland, he moved to Canada in 1968. Koschik led the duo team from 1976 to 1985 during the Calgary Canada years, when others such as Ken Read and Steve Podkorski helped the team win 70 world cup medals.

Died: Inventor of the hovercraft, Sir Christopher Cockerill, 88, in Hythe, Hampshire, England. Educated as an engineer, Cockerill began working on the hovercraft, which can move across land or water on a cushion of air, in the 1950s.

Died: Chairman of the Ontario Jockey Club, George Hendrie, 65, in Toronto. He became chairman in 1992, but the Hendrie family has been linked to the club since 1883, when his great-grandfather, William, founded the association.

Died: Brazilian sports hero Joao Carlos de Oliveira, 45, who held the world triple jump record for a decade from 1983, in Sao Paulo. Oliveira, who set the record in 1973, won Olympic medals at both the 1976 Olympic Games in Montreal and the 1980 Games in Moscow. His career ended in 1981 when he lost his right leg in an accident.

Resigned: Ronald Casey, 60, as president of the Montreal Canadiens after serving a 17-year tenure in Montreal. Casey helped move the Canadiens from the fabled Forum, where they had played since 1926, to the Molson Centre in 1996. The team won two Stanley Cups during his tenure.

Released: Editors of the Sun tabloid newspaper by British press watchdog, the Press Complaints Commission, for running an 11-year-old photograph of Sophie Rhys-Jones with one breast exposed, in London. Following the release of the magazine, Buckingham Palace announced it would not pursue its case against the Sun any further. Rhys-Jones, 34, a public relations executive, is marrying Prince Edward on June 19 at Windsor Castle.

Bought: By Canadian broadcaster Irv Asper, a first class house owned by former prime minister William Lyon Mackenzie King. Asper, 66, chairman of CanWest Global Communications Corp., said about his sale on a California-based Internet auction-house site. Asper stated bidding electronically but certainly called the owner and bought a privately. Asper would not disclose how much he paid for the cost but said it was more than the asking price of \$22,000.

Resigned: Walter Sieben, an executive of the Canadian Olympic Association, from the board of Toronto's 2008 Olympic bid committee over a potential conflict of interest in Toronto. Sieben, an expert in sport facilities and the technical aspects of the Olympic Games, will still serve as a paid consultant.



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Walking 'n' talking

Two-way radios have long provided a critical communications link between central dispatchers and firms of diverse working for taxi companies, courier services and tracking firms. Now, they are becoming popular with the general

public, in the United States at least. In 1997, the U.S. Federal Communications Commission approved the use of personal two-way radios, and designated a band on the radio spectrum to avoid conflict with commercial users. According to Frank Marx, vice-president of the personal commu-



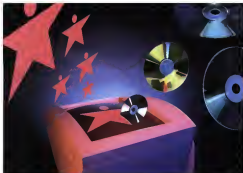
Motorola's Talkabout radios are just for casual use.

nications division of Motorola Canada, the device, which has a range of just over three kilometers, allow family members to maintain contact when apart. They can be useful to people who are gardening and hiking. "It's been a major success story in the U.S.," says Marx. "They've become a whole new retail category called family radio service."

But the device, which sells for about \$220 apiece, are not yet available in Canada. Industry Canada wants approve them, but the department has a problem: there is no radio band available that could be dedicated exclusively to a family radio service. Several dozen Canadian companies already have licenses to operate their radios at the same frequency as the U.S. authorities has set aside. This spring, Industry Canada began consulting with the license holders, as well as manufacturers of the personal radios, to determine how best to accommodate commercial and personal users. Marx said that ideally the Canadian and U.S. systems would be compatible, and consumers could use their radios in both countries. A decision is expected in the fall.

Bus of the future

Bill Careyell makes his living selling real bus bodies designed for public transit systems—that he says the future is in plastic. The Los Angeles-based executive, who is vice-president of sales with North American Bus Industries Inc., believes that commuters and other transit users will eventually be riding buses made of high-strength, lightweight and non-toxic plastic. He says his company is already manufacturing bus bodies made of fiberglass infused with plastic resin for seating purposes and he anticipates commercial production to begin next year. The plastic is strong enough to endure the rigors of the road, he says, because it contains 70-per-cent glass fibre and 30-per-cent resin, the inverse of most chairs, mass-produced fiberglass. Careyell says that was considered according to standards set by the U.S. Federal Transit Administration have shown that a two-piece



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plastic-bodied bus suffered less damage than its metal counterpart when hit by a 1,800-kg car travelling 40 km/h. "Florescu took over losing 20 or 30 years ago and now dominates," says Cayrol. "I think these composite materials are going to take over many other industries as well."

Relaunching the space race

There is a new space race, although with the thrill of the Cold War this one is being fought by nations building their own rockets. They are chasing a \$379,000 prize, created in October, 1997, by the Los Angeles-based Space Frontier Foundation, for the first team to fire an object, weighing at least two kilograms, 200 km into space. "These are credible teams taking a shot," says Rick Kunkelton, president of the foundation, which was set up in 1989 and is supported by a \$30-million endowment from an anonymous billionaire. "If a miracle happens, we may have a winner this fall."

On May 23, a Sacramento, California-based group launched a radio-tagged rocket—it was 2.4-m long and 7.6-cm wide—at an altitude of 33 km from a site in northwestern Nevada. Several other groups are expected to try this year, including an eight-member team, led by San Jose, Calif., home builder Tom Rouse, 43, which hopes to use a government-owned rocket-launching facility in Chandler, Mass. Rouse's group hopes to win with a nine-meter tall, two-stage rocket capable of travelling 1,200-m free per second. "My wife says I'm crazy," says Rouse, who has put \$88,000 into the project over the past 18 months. "But we're going to make history."

Farewell to film

According to some in the entertainment industry, the whiff of the film project may not be a sound of the past it will be replaced by digitally recorded movies shipped to movie theatres as discs, carried over cables or downloaded from satellites. Starting on June 18, screenings at four U.S. theatres—two in Los Angeles and two in Sacramento,



Digital version of *The Phantom Menace*: the future of movies

N.J.—will see digital version of George Lucas' *The Phantom Menace* as part of a month-long market test of a digital projector developed by Dallas-based Texas Instruments. The heart of the new projection technology is three digital micro-

mirror devices, each containing 1.3 million mirrors on a computer chip that is five square centimeters. "This change is coming," says Bob Greenberg, director of marketing and communications with Texas Instruments. "It's just a matter of getting everybody comfortable with it."

By Amy Joshi

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Opening Notes

The unlucky, but lucrative, Leafs

There was misery in Toronto when the Toronto Maple Leafs fell out of Stanley Cup contention last week. The blue boys lost their best-of-seven semifinal series to the tough and resilient Buffalo Sabres in only five games. For millions of disheartened fans, it was a sad end to a thrilling and unexpected playoff run. After failing to make the playoffs the previous two seasons, the Leafs became competitive this year under coach Pat Quinn and with Camie Joseph in net, and knocked off Philadelphia and Pittsburgh in earlier playoff rounds.

The fans weren't the only ones with long faces after Toronto lost. Consider the people trying to balance the books at the budget-challenged CBC. Per-game ratings of last night's program, *Monday Night in Canada*, scored by 49 per cent above last year's viewership during the same playoff period, largely because of the Leafs. More than two million fans tuned into each of the five games against the Sabres. That enabled the network to charge \$27,000 for its 30-second commercial spots aired during the Leafs-Sabres series, generating between \$800,000 and \$1 million for each game. Had the Leafs advanced to this week's Stanley Cup final, the network planned to charge more than \$40,000 per 30-second spot. Instead, *HNIC* will have to settle for a little less: \$30,000 per spot to sponsor the clash between the Sabres and the Dallas Stars. The network compensated itself by announcing plans to hike next year's playoff advertising rates by 10 per cent across the board.

The bigger loss, however, may have been team chairman Steve Stavro, Larry Tanenbaum, the Ontario Teachers' Pension Fund and the other shareholders in Maple Leaf Sports and Entertainment,

who were enjoying a winning windfall. The company is primarily held and does not disclose figures, but sources estimate it took in as much as \$25 million during its sell-off home playoff days. The Leafs' surprise run was timely for the bottom line in February: the team moved from sixth,



Leafs' goalie Camie Joseph after losing Game 5 against the Sabres last night.

15,642 into Maple Leaf Gardens to the last 13,893 over Air Canada Centre. As well, teams do not pay players in the postseason. The players, whose contracts only cover the regular season, get a share of a league-funded bonus pool according to how many rounds their team wins.

For the Leafs, however, the really big bucks were still to come. The top prize of a seat at the Air Canada Centre—\$145 during the regular season—had already leapt to \$230 in the Buffalo series and was slated to go up to over \$20 in the final. If nothing else, the Leafs' loss saved ticket-buyers a large chunk of change.

Jason Denton

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Backstage



Anthony Wilson-Smith

Memories of D-Day

The event that will stay with Prince Collin all his life began this time last year on the beach at Bernières-sur-mer, France, and ended, weeks later, in tears and emotion at a graveyard in Holland. Collin, 25, a Montreal native and history student at the University of Ottawa, was one of a dozen students who accompanied Canada's war veterans to mark the 54th anniversary of D-Day, the invasion of Europe by Allied forces. He was chosen by the nonprofit Battle of Normandy Foundation, and spent his time touring sacred sites, meeting locals and listening while the veterans—who were about his age when they were in war—continued. Near the end, one of the leaders issued Collin his cue, and he drove to the town of Hildesheim in Holland. There, he became the first of his family to visit the grave of his uncle, Roger, he was 19-year-old hero-corporal in the Montreal-based Musclemans Regiment who was killed by a sniper. That trip, Collin says, "made my country's and family's history something I could feel firsthand."

As the century nears its close, June 6 isn't what it used to be. That's good news measured against 1944, when 16,000 Canadian troops were among Allied forces who stormed Juno Beach (a name for Bernières-sur-mer), while 27,000 Canadians in the army, air force and navy played key roles above and behind them. In all, 375 Canadians died that day, while 628 were wounded. The worry now is whether many people sympathize—other than the veterans involved—tense of Canada's role in the most important military operation of the Second World War. "In France," says Jack Gouzenon, the historian and CEO of the Canadian War Museum, "they either do little to acknowledge Canada, or jump on with the British." At home, adds Gouzenon, it is not much better. "Canadians know no more about our war effort than about anything else in our past—and that's precious little."

With veterans in their late 70s or 80s and their numbers diminishing, the obvious fear is that their efforts—and that lesson of their experience—will be lost to future generations. But now, there are small signs of awakening. One is the huge museum last year of Steven Spielberg's *Saving Private Ryan*—which gave moviegoers a vivid sense of what their grandfathers lived through. Another is that veterans, who often refused to talk about their experiences for decades after, are opening up. And all sides of the generation gap know the clock is ticking.

Consider Burlington, Ont.-based Garth Webb, 88, a D-Day veteran with the Royal Canadian Artillery. In 1994, on a visit to Europe to mark the 50th anniversary, he was deeply moved by the warm reception Dutch people—even those born well after the war—gave Canadian veterans. He and other vets

established a fund to bring Dutch children from rural areas to visit Canada. That effort was a success, and led him to determination to have Canada

war effort similarly recognized elsewhere. Since then, he and his partner, Lisa Coopers, have worked out of their makeshift office in the basement of their townhouse on the Canals Normandy Project, a nonprofit venture aimed at raising \$2 million to build a permanent exhibit on the beach at Bernières-sur-mer outlining the nation's war effort. So far, they have money and commitments for about a quarter of that goal, and a verbal commitment from the town to donate which details their plans and tells how to donate money (www.juno44.ca). One popular fund-raising innovation with Father's Day approaching, Webb says, is a "brisk sale" for \$250, you buy a brisk, engaged with donor or honoree's name, which will be put on the building. Webb hopes to break ground next year. More than 600 people and groups have made donations, and some former arrangers have become volunteers. Ottawa engineer Neil Stenden, 56, whose father landed with the Queen's Own Rifles, was so moved that he has joined the project's board, helping to draft a business plan and action program. Says Stenden, whose father died in 1975, "We need to do this now, while the veterans are with us."

In fact, about 30 people were expected to attend a gathering in Toronto last Sunday of the Queen's Own, in which veterans remember the occasion and fallen friends over dinner and a commemorative service. They no longer stand in the downtown canopy, many are too frail. But several hundred feet from across the country were fit enough for the pilgrimage that took place last week to France for ceremonies. Senior staffed courtesy of the Ottawa-based Battle of Normandy Foundation. Gouzenon, who works with the group, says it hopes to complete a national garden is opened in 1994 in honour Canadian at Caen, where so many Allied soldiers died. So far, his foundation, the 9044th, can boast of good intentions and some solid achievements, but needs hundreds of thousands of dollars to achieve all its ends. One solution would be to merge resources for a common goal, so the two groups could go forward—but not yet enough consensus to unite. But there exist some shining examples of what they both hope to achieve. Consider the long-term impact of someone like Collin, who says, "Someday, I expect to tell my grandchildren about my trip, the veterans I made friends with, what they were like, and how they lived." The future, for those who care about the past, is now.

Published June 14, 1999 13

The game of offshore investment has given the world's 45 tax havens the furtive feel of speakeasies

people that I know who are using the offshore, 99.99 per cent are reporting assets," says Gordon Lought, a former Bahamas resident who four years ago moved to Nassau, in the Bahamas, where he is now executive vice-president of Best Funds (Distribution Inc., a mutual fund company). Says Lought, who is also the author of *Offshore Advantage*, a primer on the complex world of international investments, "It's becoming audited-out tax evasion. Period." Adds a Canadian accountant with more than 20 years experience in Bermuda: "A lot of people with assets offshore cloud the trail, masquerade the ownership. But no matter how much they obfuscate it, it will all sit flagrant either as not reporting income and the authorities would see through that if they ever found it."

But offshore investment is a booming global business—one that is increasingly being chased by the banks. Under a deal announced last month with French America, the Royal Bank of Canada will begin managing the island's 40 offshore companies (like majority are European) for clients. The bank will offer offshore accounts, which will start at \$10,000 and be administered by the Royal's office in the Channel Islands—an attractive opportunity for, say, a heavily taxed German investor. And Barclays—the London-based international financial behemoth—views smaller investors as the latest niche market. Six months ago, it started Premier Banking, a private server for financial minor leagues. Among other things, it offers clients a numbered account is—the minimum investment is supposed to be \$100,000 but is often far less—for trading stocks or bonds. Because of the strict Cayman laws governing banking activity, the taxable profits from the investments remain safely hidden.

funds and non-resident trusts (page 24). And Canada is only one of many industrialized countries along with an offshore tax option.

Will the go-tough approach work? Some potential investors may be scared off. But the reality is that many Canadians will continue to try to cheat the system, and some already generating income in tax havens as full-time in Cyprus, Liechtenstein or the British Virgin Islands are almost impossible—and prohibitively expensive—to chase down. Revenue Canada's job will become even more difficult when online banking and online stock trading takes wider hold. The trend is already under way: the government of the Caribbean island of Anguilla recently started a fully electronic, round-the-clock service that will allow customers to create and register offshore companies from home.

Canada's threat of tougher measures, meanwhile, is already sending offshore investment experts looking for new strategies. In July, hundreds of them will attend a two-day confer-

ence at Toronto's Metro Convention Centre—in a case of \$1,200 a head—which will deal with the new rules on offshore investment. In true offshore style, one of the workshops will be dinked in secrecy, held behind closed doors. Promotional material for the session features the warning: "Due to the exclusive nature of this material this workshop will not be audio- or video-taped."

Among those thinking of attending is Michael Schmidt, a tax lawyer from Kitchener, Ont. He says he is unsure whether even the highest minds in the game will be able to bend the new rules. "Some sophisticated people will be looking at these new conditions," says Schmidt, who has been giving offshore tax advice for 10 years. "Someone may find another loophole, but that loophole is looking pretty slim." But when lawyers and accountants who have been fielding calls from clients concerned about the new legislation say few of them seem overly concerned.

The illicit ball game of offshore investment has given the world's 45 tax havens the furtive feel of speakeasies. In the Bahamas and the Cayman Islands, where dummy corporations shelter banking companies and shell companies are governed by mystery trusts, the veil of secrecy hangs over financial dealings. Conversations are in code. Few people agree to be quoted; fewer still want their names used. Offshore companies specialize in catering to their clients' desire for privacy. Some provide customers with 1-800 numbers, which do not show up on an internet home phone bill. Others ask if clients want a "blind call" account so correspondence will not arrive in Canada to give them away.

Andrew Cowie, a 30-year-old Toronto accountant who works for a money manager company in the Cayman Islands, makes the offshore's touristy, ostentatious atmosphere sound like something out of a James Bond movie. "We set up individual numbered accounts for each client—and I have a decoder chart to match them up with their real names," says Cowie, a hockey fan who owns a Chicago Bulls jersey and participates in a weekly ball hockey game for Canadian expatriates. "85 per cent of people who get quantity statements on non-vested money are in non-vested money." There's a Cayman stamp, but no company identification, so you don't know where it came from. At times, the intrigue and smoky depths of the offshore sector comes alive. Cowie says many very Canadian-born pros have an edge in attracting customers. "The big fear with offshore is that it's foreign, that the money is kept in borrow bags,"



Paradise Island in the Bahamas: a first in secrecy

said Cowie. "We have a big advantage with the Canadian market because we know what Moose Joe is. We know what the score was in the hockey game last night."

In this shadowy world discretion is mandatory. Under law in many tax havens, people can be thrown in jail or fined heavily for disclosing information about offshore activities. Tax evasion is not a crime in these jurisdictions—discussing it is. In Nassau, a French Canadian broker laughs when asked how he Quebec donors will get around the finance department's tough new provision. "That's not the right question," he said mischievously. "You should ask instead, what vehicles will be used to comply with the new laws." A meticulously dressed director of a private European bank in the Bahamas was more cautious when asked about the type of services he provides. "I'm a private banker," he said. "Unfortunately, everything I say is private."

If the offshore is like a speakeasy, the bartender controlling it is money. The first rule Canadiana follow when transferring funds don't use Canadian banks. The second, often referred to as the "Asian Million" rule, don't show up at any reputable foreign bank with a suitcase full of money. "The only way to keep a banker down here is to show up with a gun or a lot of cash," says one Cayman insider. The first is money laundering, a criminal offence, that can bring international police authorities crashing through the banking system's laws. But most of the large banks will accept a minimum cash deposit of \$10,000 (U.S.) once every three months (with the right introductions, officials will turn a blind eye to larger cash deposits as well).

And there are so many ways to move money offshore that it can be banked without a trace. For money investors, it can be as simple as someone serving at an offshore bank with proper identification—and \$10,000 stuffed in a money pack. But often the funds take a more circuitous route. When one Vancouver man started investing offshore three years ago, he first wired \$30,000 from his local bank to the cashier's cage at a Las Vegas hotel. He then flew to Vegas and bought cash, manually played the tables for appearances' sake and cashed out. He then flew to Nassau, a Caribbean tax haven so tiny it barely appears on the map, where he invested in stocks.

Paul LeBlanc, a 32-year-old lawyer with Hertz and Harris in Toronto, has set up about 1,000 offshore investment vehicles since he started doing retirement and work seven years ago (most of them operating by deferring tax on offshore gains until the money is used or brought back to Canada). But he says he has turned away more than a number of clients because what they asked him to do was outright illegal. "And," he says, "I'm sure that when they leave my office, they don't say they bought around until someone gives them the answer they want." Like Vancouver's Friedman, he says he cannot



Circle: investors of offshore wealth want privacy, often using

The hot spots

There are 45 tax havens around the world competing for offshore investment—and harbouring an estimated \$15 trillion dollars, about one-third of the international money supply. Among the favourites for Canadians:

1. Bahamas
2. Bermuda
3. British Virgin Islands
4. Cayman Islands
5. Cook Islands
6. Guernsey
7. Isle of Man
8. Jersey
9. Switzerland
10. Turks and Caicos

Source: Maclean's/Doyle Stock (2000) by Jennifer

be responsible for the actions of his clients after he has helped them make those investments. "You don't have control over your clients," Le-Brown says. "You'll get individuals who'll lay down the road they seek happy you with the defunct situation—they want to pay no taxes whatsoever. And then you're stuck we can do about this—if I set up a structure, I don't know whether the person is trying to the Cayman Islands and withdrawing money each week. Nor do I have any obligation to police that."

Some Canadians beyond the experts. That is the case with MacLeod whose when he moved his five \$20,000 offshore five years ago to one of the Caribbean islands, where the whole study teaches and emerges give him an added incentive to visit his money every winter. He decided not to use a Canadian lawyer or an accountant, cutting out middlemen partly because of the cost, partly for greater secrecy. "I didn't want to have to trust anyone but myself," he says.

Off the island he opened a bank account and registered an offshore company, which is an exempt for 20 years. To hide the fact that he owns it, he found a local trustee at a cost of \$600 per year (he formerly worked as the local government's register of companies). "I set it up so that his link company is the sole shareholder of my company," he explains. "That way I don't have no direct ownership. My company has one share and exclusively the holds that share, but only that's already appear it back to me and it's at home in a safety deposit box at one of my banks."

Like similar setups, MacLeod's offshore company holds assets (traded by his broker in Canada) that are paid for by his



Barclay's Bank in George Town is a banking business that is increasingly being chased by the big banks.

bank account in the onshore. That bank account receives regular infusions of money in ways MacLeod describes as being "fairly creative." Since Canadian banks report any cash withdrawn over \$10,000, MacLeod keeps well under that limit, withdrawing smaller amounts from different accounts in different banks on different days. Once he has the cash in hand, he wires it via a private company to the Canadian account. When he confirms the money has arrived, he destroys the receipts, the only piece of paper connecting him to the transaction. MacLeod is a former Revenue Canada will never catch him. "I'm not sitting here thinking this is foolproof," he says. "But I just hope that chasing this money is so aggravating, nothing's going to happen."

The subterfuge does not stop there. In fact, it intensifies if people who have been hiding money offshore decide they want to bring it back and use it without attracting the attention of Revenue Canada. According to one Toronto lawyer who does business in the Cayman Islands, money is often repatriated through purchases of Canadian real estate. The money trail is obscured when funds are moved from an offshore lawyer's trust account to a lawyer's trust account in Canada. The property is eventually sold and the money's whereabouts joyously being being widely reported in a Canadian bank account. But sometimes the funds never make it back. They can vanish when an investor dies, or evaporates in a shady deal. In the shadow world of offshore investing, the tax department is not the only thing Canadians need to watch out for.

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Charting a course in the offshore world

Spurring money out of Canada is only one challenge faced by offshore investors. Picking a good investment vehicle is another. Some of the commonly used vehicles:

1. The investment trading account.

The simplest vehicle, it usually involves mutual funds and is offered by most offshore banks, trust companies and mutual fund companies. The investor must usually reside in the offshore jurisdiction to open the account. There is often a minimum investment required, and sometimes associated charges or annual fees. Income generated is often added back into the fund and is not taxed. The accounts are held

in the name of the institution to guard investor anonymity.

2. The international business company (IBC).

An offshore company, it enables investors to conduct financial transactions while hiding the real identity of the owner. Company shares can be owned by an individual or, to further conceal ownership, another IBC. Canadians who own IBCs almost always utilize them for trading goods—using their regular home-based business. The cost of setting up an IBC is \$1,500. There are also annual maintenance and registration fees that can run about \$300 a year.

3. The non-resident trust.

This vehicle enables investors, on the surface, to divest themselves of assets—cash, stocks, company shares, real estate—and elude the question of ownership by turning them over to an offshore trustee (often a bank, established law firm or trust company) that then executes the precise terms of the trust documents. The trust is designed with the highest secrecy—it is not filed with any government or agency, while the names of the parties involved and the trust's activities are protected under the tax haven's laws. In reality, the trustee usually runs the show and directs the trustee to do his bidding. Setup costs can run about \$7,500 with annual fees and charges about \$4,000 per year.

Agency of Canada. Ltd. is pleased to present Sean Murrison Kom with the \$2,500 award that recognizes his title of Ambassador of Achievement. Sean was selected by Junior Achievement of Canada as one of five students who embody the ideals of the free enterprise system.



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The Tax Man Cometh

Ottawa is after investors who are concealing funds in exotic tax havens

By Jane O'Hara

When Canadians looking for money offshore looked at the first page of this income tax return this year, many couldn't help but be concerned. There was the clearest signal yet that Revenue Canada was taking aim at them. In blunt, bold-faced lettering, taxpayers were asked to "please answer the following question: Did you own or hold foreign property at any time in 1998 worth more than \$100,000?" Anyone who ticked the yes box was then required to file a "foreign income verification statement" listing details of their offshore investments. "Aston gross income," says Collette Gomez-Henry, a spokeswoman for Revenue Canada. "And wherever you own things, however you wrap it, however you say it, does not change the fact that the income from these assets is taxable."

Did that question on the income tax form push people into coming clean? Revenue Canada officials say they work to ensure that the fall, when they will have the final submissions. Tax advisors working in the area of offshore investments say no way. But it is clear the subject was only one in a new offensive against offshore tax evasion. And much of it is focused on the Canadian lawyers, accountants and financial planners working in the field. For one thing, the tax form question put accountants on notice. A lie about not having offshore assets would, in many cases, also be a lie on the part of an accountant, who is usually aware of the in-



Photo: Greg MacIsaac

imate details of a client's financial affairs, and who may in fact have been instrumental in planning an offshore investment vehicle.

Ottawa is taking aim at the experts in other ways as well. In February's federal budget, Finance Minister Paul Martin announced a series of new proposals to attack the problem of offshore tax evasion (see in the process of being hammered into legislation, they are expected to come into force no later than 2001). Among them, regulations targeting

LeBlanc's income rules may drive people with offshore nest eggs even deeper underground

Canadian advisors, including massive civil penalties (fines of up to 50 per cent of a client's fee bill) against those who set up tax-evasion offshore entities. Revenue Canada has always had the ability to go after tax advisors who counselled tax evasion, but it meant a costly criminal prosecution. The new rules will make it quicker and cheaper to punish these advisors. "Over the years, we've prosecuted some tax preparers," says Gennini-Hawes. "But it cost more money than we ever get back. Now, we can just slap them with a civil penalty."

The regulations will also focus on the offshore investment vehicles Canadians have been using, from the simplest investment funds to complicated offshore trusts and companies. "Revenue Canada knows those things with a passion," says Lynwood Bell, who 17 years ago moved from Vancouver to Anguilla where he now helps international corporations set up offshore subsidiaries. "They have the forensic companies, the planners, ones that are not doing much other than holding an asset and collecting money."

According to Toronto international tax lawyer Paul LeBlanc, "there are about 20 different wrinkles" used by Canadian lawyers to set up offshore investment vehicles. Some are so ingenious, he says, that law firms make their clients sign confidentiality agreements to keep them a secret. But all involve some combination of IBCs—international business corporations—and non-resident trusts which create "the walls" that, technically, distance the client from the possession, ownership and control of his assets by routing everything over to an offshore trustee. As well, such trusts have usually operated under the veneer of legality with complicated tax-deferral schemes and investments that treat income as capital, thereby sidestepping tax law.

But Revenue Canada isn't fooled, and the new regulations promise to close these loopholes and prevent other kinds of legal dodging. "People think that all the smart lawyers and accountants are out there," says Revenue Canada's Gennini-Hawes. "But we have smart lawyers and smart accountants, too." The tax department has teamed with top international tax practitioners in drafting the new get-tough legislation. Gomez-Henry also says this, for years, Revenue Canada had had an informal working group that has studied tax havens "morning, noon and night."

Recently, those studious soaks have been given added reinforcements. This year, Revenue Canada will employ 500 international auditors—a 50-fold increase since 1993. Of these, 75 are strictly responsible for looking into tax havens. That number could double depending on how much in hidden assets is found. "If those 75 auditors start looking and get in there and say, 'Wow, we're going to need 150,' we'll get 150," says Gennini-Hawes.



In the Bahamas, experts say the new laws are unlikely to discourage investment

It may prove to be heavy digging. LeBlanc says the trust rules will likely drive investors already using an offshore nest egg even deeper underground. "You've got to give people some leeway," he says. "I see people who haven't reported income for 10 years and I certainly tell them, 'You can't do that, it's illegal.' They know they're in trouble but they won't dare disclose. The bulk of people with assets offshore would rather keep it hidden and hope for the best."

Many experts believe the new rules will neither slow the gusher of money flowing to tax havens nor encourage people with money offshore to bring it back to Canada. "Demographics are driving this thing," says Andrew Cowie,

A key part of the new offensive targets the lawyers, accountants and financial planners who deal in offshore schemes

who works for a money managing company in the Cayman Islands—specifically, baby boomers with disposable income and prudent investments. "They know about the offshore. They're not shy about it. They know they won't be able to roll that inheritance into an RRSP or be able to shield it in any way. They'll look to the offshore."

Even with the pending regulations, some tax lawyers and experts are still pointing clouds at that direction. In early May, one 51-year-old Vancouver woman, who requested anonymity, visited a local tax lawyer to discuss plans for a tax-efficient estate she expects to inherit from her American mother. The lawyer began by listening for different aspects. The last involved noting the inheritance from the mother's American bank and stock accounts directly into an offshore trust so the money would never come to reside in Canada. "The lawyer really got excited about the offshore trust," the woman says. "His eyes lit up—there was a glow about her when she mentioned it. My immediate thought when we were getting so excited was, 'Oh my God, this is probably breaking the law.'" In the busy world of tax law, that is far from clear. And she also says she is still considering the option—a sign that the allure of investing money in exotic foreign locales will continue to entice Canadians. ■

Tory Times in Ontario

Mike Harris was the issue and he came from behind to win a short, nasty campaign

By Robert Shepherd

Just past the halfway point in the four-week Ontario election campaign, excitement was bubbling around every corner. Liberal Leader Dalton McGuinty accused Premier Mike Harris of lying, babbly and of pining Ontario against each other in a callous bid for votes. Fighting for his share of the opposition pie, NDP Leader Howard Hampton accused McGuinty to a psychopath in an old Alfred Hitchcock movie. Harris snipped back, like the little boy who lights the firecracker and leaves it for others to use around. For the next four days he campaigned with one of the greatest campaign ploys ever unveiled—a "no endorsement," a cardboard box with bells and levers that two young Tories manipulated from inside, purportedly to show the fiscal dangers of opposition promises.

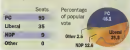
This is a man who likes gimmicks—just of locales to agitate the tax cuts he has brought in, or dressing up in mechanical overalls to tug for the media as the Mr. Fix-it of the economy. This is also someone who can be so heavily scripted that he will walk right by a line of casual workers on a factory yard. But in this one the spontaneity served another political purpose: it showed a front-runner comfortable enough to chart his own path in the maelstrom of a bruising, mudslinging election campaign. Compare and contrast: While others rigged, he would sing. Catch me, he was saying. Catch him they did not.

Despite a two-day surge from the McGuinty Liberals—one

that ripped the heart out of the NDP and left it with a meagre nine seats, its worst drubbing in decades—Harris Tories achieved a modest miracle last week. For the first time since 1967, a sitting government in Ontario won back-to-back majorities. Toronto, the engine of the Ontario economy, turned its back again on the cost-cutting Tories, electing only eight Conservatives in the city's 22 ridings and collecting two high-profile seats: Education Minister Dave Johnson and Culture Minister Iain Stewart, who were down to defeat. But in rural and especially suburban Ontario, the Tories held their own. Overall, they took 45 per cent of the vote, the same as in 1995, and 59 seats in a reduced 103-seat legislature. The Liberals,

A second straight majority

The Tories won held in the suburbs and in rural areas



Harris (left), Mike Jr., and Janet in North Bay in April, just before the election call. Tory polls showed the Liberals in the lead

meanwhile, rebounded from a shaky start under freshmen leader McGuinty to win 60 per cent of the vote and 59 seats—enough to keep the party within a bay.

The 28-day campaign—and the first preceding years of its own and take-no-prisoners rhetoric on the health-care and education fronts—took place against the backdrop of a badly polarized Ontario. Former Liberal premier David Peterson saw the election simply as a referendum on Harris, with each opposition party fighting to freeze itself as the only alternative. "It's a very democratic personality," Peterson said. "You either like Mike or you don't. He became the man."

Recurring the tone is something Harris is comfortable with. In his first week, he took on all of the province's sacred cows—closing hospitals, curbing the powers of teachers and public service unions—then previous governments had shed every form. Not a magazine speaks, he only constant applause line on the campaign rail now. "You know that when we promise to do something we will do it." And even people deeply uncomfortable with Tory policies seemed to trust Harris. "There was this amazing gap when we went door to door," says Anne Kiddy, a Toronto parent who organized a group to fight the Tories' education reforms. "A lot of people would

be extremely dissatisfied with what was going on in the education system—you're aware prepared to vote for the government because they liked Harris."

What came next? At 54, with the heavy adobe from the first term still but over nearly 18 years in the legislature under his belt, Harris is displaying signs of a mature spirit, someone who would like to move on in two or three years. Business or politics? Some conservatives say Harris is the natural leader of the United Conservative Reform Leader Preston Manning's vision of a coalition between his party and federal Tories. But UA proponents are bound to be disappointed by Harris' unorthodox post-election statements of the possible federal coalition. "Who cares?"

For the moment there is enough on his plate at Queen's Park. He is offering both a "growth agenda," encouraging economic productivity through lower taxes and strategic investments, and a "respect and responsibility" platform. It is the respect agenda, however, in large measure from south-of-the-border Republicans, that will see Ontario challenging Ottawa over tougher penalties for young offenders and parents, writing laws to keep aggressive kids off the streets, and requiring new recruits to submit to drug tests if they wish to re-entree

The Tories defined Liberal Leader Dalton McGuinty's image before he could

their benefits. "We see and hear from parents about a lack of respect and responsibility," Harris, the father of two sons, told *McSchool*. "That's a view I share. I see it in the school system, and I see it in my own children."

But all that may pale beside the fight over public education that is bound to dominate the Fiscal second year. During the campaign, Harris threatened his Liberal opponents an additional first-spends, that Harris promises are just to grandiose—if not more so. He intends to boost health-care spending by at least 20 per cent over the next five years. And he has pledged to spend a massive \$3 billion a year on infrastructure—everything from new university facilities and hospitals to northern roads—that has all the usual interests gathering at the same watering hole. This with an economy that appears to be slowing, according to government estimates, and a provincial debt load that has spiked upward to \$121 billion.

First is the rise in the available cash as the province's colleges and universities, which have been promised a nearly \$750-million capital infusion this year to accommodate children of the baby boomers, who are entering the system in ever greater numbers. "This is the most money we've seen since the 1960s," says University of Toronto president Robert Pickard, who is also head of the Council of Ontario Universities. But while Pickard applauds the "boom for a change of attitude toward higher education, he also warns that this should be viewed only as a down payment—crashes a kind of what will be required over the next five years.

Also in the 1990s, documents, which largely negotiated on a new role for the health care bill. Ontario makes it in their supply and as angry as their counterparts in other provinces, are raising demands to well. The government has pledged to use new, free and health reform to cut 12,000 new names - after laying off at least 3,000 jobs over a year ago with the province's pension plan. A 1990-1991 and on revenue and restructuring told. After four years of Tory reforms and cutbacks, hospitals and school boards are clamouring for more funds. "We don't want to look like the money pit," says Hilary Stone, a vice-president with the Ontario Hospital Association. "But when you take out the incentive mechanisms, the operating losses for this year are far less than last year. The numbers in the provincial budgets don't really add up to a very encouraging view."

Most commentators described the short campaign as the



McGuire in Otis, Hampton in Fort Francis (left) after four years of cuts, hospitals and schools are clamouring for funds

eastern living economy. But, in fact, electrification largely began last September, when the Tories' campaign team managed to find that the party had dipped precipitously in the polls. To squish back-to-back anxiety, the Conservatives launched a campaign in November to see if they "When the Tories walked Dalton's thoughts they could define it by one sentence: 'And they did.'"

Still, in April the Liberals were leading the Conservatives by low percentage points, according to the Tories' internal polls. A post-nominal budget on May 4, the day before the election call, moved the Tories ahead slightly in the first week of the campaign; the numbers returned static until the May 18 leaders' debate, when McGowan slipped. Harris moved forward briefly as the Liberals' biggest, and Harris' scandal hit the level of support that would propel him to victory. Throughout it all, the Tories moved with a kind of craft efficiency. Campaign goals and messages were decided months in advance. "Our only objective was to make this campaign about leadership and not about cynicism," one minister said afterwards. "And we did that." Of course, it might not have worked without a leader prepared to gamble on an election call when he saw his party's poll but here making—and who was removed to become a one.

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Horror in Prince George

The victims of sex crimes ranged in age from 3 to 17 and included family

By Paul Palumbo

Crystal Diane Henrichs seems to be anything but a menace to society. Pretty, she wears her straight brown hair long, almost touching her waist. At five foot, 11 inches and weighing barely 90 lb., the 20-year-old mother of two is childlike in physique and demeanor. But that outward appearance belies the fact that she is now being labelled a deadly sexual predator by Crown attorneys in British Columbia who are seeking to have her declared a dangerous offender. It is a rare step to take, especially considering that, until recently, Henrichs had no previous criminal convictions. But the crimes she was convicted of on April 21 were shocking by any measure, leading Prince George RCMP Staff Sgt. Glen McRae to say that Henrichs and her companion, Jarran Doreen Bennett, 38, were "only a step away from being Canada's next Paul Bernardo and Kelli Horne."*

Like the notorious southern Ontario killers of schoolgirls Karen French and Lucie Laberge, Bennett and Henrichs used subterfuge and drugs to subdue their victims—in many at two doses—where they sexually assaulted while videotaping their crimes. (Bennett, who is also undergoing a dangerous offender evaluation, was planning to distribute the tapes, according to police sources.) The victims in the case ranged in age from 3 to 17, and included family, friends, acquaintances and teenage abortion practitioners, none of whom resided in and around Prince George, a city of 80,000 people 790 km northwest of Vancouver. "We got to Bennett and Henrichs not a minute too soon, before they killed someone, because that was the next thing on their agenda," says



The house where Henrichs and Bennett lived, taping the assaults

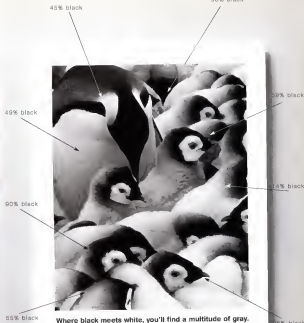
RCMP Cpl. Tracy Giesicki, the lead investigator in the case. Henrichs and her partner, Cassi, Mike Stenerson of the RCMP's Prince George detachment, arrested Henrichs and Bennett on Sept. 12, 1997, from the coast of Queen's Headings in early March—both Henrichs and Bennett initially pleaded not guilty—Justice Glen Parker of the B.C. Supreme Court placed strict bans on publication of details of the case, seeking to avoid a repeat of the media circus that accompanied the Bernardo trial in 1995. As a result, the story was not covered to any degree outside Prince George.

But on March 5, the day jury selection was to begin, Bennett changed his plea to guilty and was convicted on 11 sex-related charges (a self-employed contractor and self-confessed cocaine dealer, he had 32 previous criminal convictions, but none for sexual assault). Henrichs continued to plead not guilty, claiming she had been under Bennett's control. On April 21, after five days of deliberation, a jury found him guilty of three counts of sex-

ual assault, three of administering a stupefying drug and one count of making child pornography.

The Moonies were first alerted to Bennett and Henrichs' activities through overviews in late summer, 1997. One came from a victim, the other from a private investigator concerned about an assignment he had received from his client, Bennett. He wanted the investigator to make down his previous spouse, Debra. The detective found Debra in Idaho, and learned that she had left Bennett because she feared for her own future. In 1994, the couple had dragged and sexually assaulted then-15-year-old Crystal Henrichs. But over time, Henrichs began to become Bennett's favorite. That worried Debra, who concluded she was getting "too old" for Bennett, as she later told the court in Henrichs' trial. She left—taking along videotapes she had made of the sexual assault on Henrichs as insurance in case Bennett ever tried to create problems for her.

When the investigator learned about the tapes, he went to the police and



Where black meets white, you'll find a multitude of gray.

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An RCMP officer feared the couple was 'only a step away from being Canada's next Paul Bernardo and Karla Homolka'

of imposing back to his client. On the morning of Sept. 12, 1997, Carrière led a raid on Henricks and Bennett's trailer home in Willow River, a tiny community about 40 km east of Prince George. What they found led to the immediate arrest of the couple (at the time, Henricks was pregnant with her second child, who was born in custody). The trailer was outfitted with hidden cameras and bugging paraphernalia.



Guest church of Henricks, inside the trailer home (top): hidden camera and bugging paraphernalia

The police found hundreds of pages of notes and descriptions of what the couple had been doing and planning—as well as videotapes.

Those tapes were the recorded results of at least 22 sessions, usually female, some of whom could not be identified—and many of whom were incapacitated by drugs. One tape featured Henricks having sex with a dog.

In an affidavit for the court, Stevenson described the tapes as "very graphic, perverse and disturbing. As an experienced police officer who has investigated numerous sexual assault files and dealt with many victims of violence, I found watching the said videotapes extremely disturbing and stressful. I found that it was impossible to view them for extended periods of time without taking numerous breaks."

The tapes became the centerpiece of the Crown's case against Henricks when her trial formally began on March 8, under restrictions much like those that were put in place during Bernardo's trial. Video monitors were visible to the judge, lawyers and the jury—but not to the public. "It was eerie," says Cheryl

John, a local reporter for newspapers and television. "Most of the tapes were silent and apparently very graphic. You'd be sitting in the courtroom, not being able to see a thing. There would be dead silence, except for juror occasionally squirming in their seats." One tape that did have sound featured Henricks and Bennett sexually abusing a three-year-old boy (he had, according to testimony, begged his mother to let her babysit him). "The little boy was crying and screaming, 'Stop, stop,'" John says. "But Crystal and Bennett just continued on and laughed at him. It was really painful to listen to—I had to leave the room."

When Henricks took the stand on her own defence, she told the court she had been a childhood victim of sexual abuse, having been raped in the age of 5 by one of her mother's boyfriends and later molested by another. In her relationship with Bennett, she claimed she had fallen under his control and become his sex slave. She testified that she didn't know the tapes even existed—and couldn't remember any of the events depicted on them.

But in response to that defence—known as an *accusatorial amenity*—the Crown introduced incriminating evidence seized by the RCMP: hundreds of pages of usually explicit writings, including a diary kept by Henricks that detailed her and Bennett's activities. In evidence was only revealed to the court on April 8, the 15th day of the trial. Until then, neither the police nor the Crown had read the diary because, they said, they didn't have the time or the resources to review all the evidence—an situation that prompted Justice Proulx to lash out at the negative effect government cutbacks were having on the justice system.

Henricks's writings were graphic and methodical. Included were two pages for so-called snuff movies. The plots re-

vealed around the kidnapping of a 10- to 15-year-old girl who would be raped and tortured. Then, Henricks wrote, "We'll finish her."

Since his guilty plea on March 3, James Bennett has undergone a 60-day psychiatric assessment as part of the process to have him declared a dangerous offender under Section 753 of the Criminal Code. He was back in court on May 23, when the Crown announced it will proceed with the application against him on Nov. 8.

Henricks, meanwhile, is undergoing her own 60-day assessment at a women's penal institution in Burnaby, and is expected to be returned for a hearing in Prince George in July before Justice Proulx. In seeking to have Henricks declared a dangerous offender, Crown attorney Glen Kavanagh told the court that the couple are a danger to the public. "With her persistent disregard for others," he declared, "she cannot control her sexual urges." Henricks's lawyer, Keith Aarnies, says he is opposed that the Crown is pursuing Henricks as a dangerous offender—when it seems apparent that Bennett was the mastermind. "It is unusual for anyone to be declared a dangerous offender, especially for one who has no previous criminal record," he says.

But many in the community think Henricks is dangerous. As local radio commentator Ben Munn put it, "You have to ask yourself this question: Did Crystal Henricks play a leading role in the whole affair or was she just a bystander who became involved? If we look at the evidence presented in the trial, she played as important a role in the course of events in Willow River as Karla Homolka did in St. Catharines." But in Willow River, police were able to step in before those events culminated in a snuff, graphic tragedy. ■

Private Banking An Advertising Supplement
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Maclean's Magazine

Private Client Banking This is Not the Way Your Parents Banked



EVERY BUSINESS HAS ITS A-LIST: those clients and customers who provide the bulk of revenues and profits. In retail banking, more and more of the people on that A-list are being coaxed and enticed to become private banking clients.

It is worth the move. As a private banking client you deal with some of the best people in the banking system, account managers whose job it is to understand your situation and help you meet your financial goals.

Private banking clients never wait in line before a teller. In fact, private banking offices are often detached from branches. You walk in and are greeted, often by name, by a receptionist who calls one of the team members familiar with your account to handle routine transactions or your account manager for other matters. If someone is not available, you sit on a couch or upholstered chair in a reception area drinking coffee out of a china cup and looking at some very good art. This is not the way your parents banked. ▶

Long-term performance: Financial markets have their ups and downs, but your objectives stay the same. So you need a bank with the ability to react quickly while keeping a long-term perspective. For over 125 years our clients' confidence in our capabilities has made us one of the world's largest fund managers. In short, we can provide the performance you demand – now and in the future.

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Private Client Services

Competition from Abroad

Competition from Abroad

Full-service private banking is a relatively new business initiative for Canada's major banking institutions. In contrast, some foreign banks have been in the wealth management business for generations and are offering their expertise through a Canadian presence. A case in point is Swiss-owned UBS Bank (Canada). Its Canadian antecedents go back to 1981 when its parent established an investment counselling bridgehead for wealthy European clients concerned about the future of Europe.

Reed Goldmann, president and chief executive officer, says, "We are a global private bank where you do business locally, getting the same service whether

look at the client's patterns and develop a relationship model which leads clients to the right services."

Its services are tailored for the high-end market and include meeting client payment needs in any currency, establishing offshore trusts, estate and trust services, trading securities in Canada or abroad and discretionary portfolio management. UBS also owns a Canadian investment dealer, Baring Waburg Dillon Real Inc.

Effective wealth management and estate planning are major objectives for high net-worth investors. Consequently institutions catering to this end of the market emphasize investment and off-shore trust services. At UBS, a client adviser would work with the client and the client's other advisors, and the bank's tax, estate planning, trust and other experts to develop a tax-efficient estate plan and investment program. It has off-the-shelf products for clients who require offshore trusts.

UBS takes a global view of financial planning that is reflected in its services. Clients can opt for discretionary portfolio management based on their parameters. Where appropriate, portfolio managers can choose from more than 180 proprietary investment funds covering market segments ranging from real estate to emerging markets. Clients can also arrange to have the bank purchase, on their behalf, investments such as foreign-based investment funds that are generally not available directly to individuals. Alternatively, some clients may choose to manage their own portfolios using the bank's advisory services. UBS offers research, monitoring and execution services for clients who prefer to make their own investment decisions. "We can provide global expertise and execution capabilities in every single market of importance," says Goldmann.

We look at the client's patterns and develop a relationship model which leads clients to the right services

you are here, in New York, Milan, Sydney or Zurich." The bank has branches in Vancouver, Toronto and Montreal. UBS is not going after as broad a private banking market as the major domestic banks. Rather, it is after the high net-worth market and aims its services at entrepreneurs, top executives and families with established wealth. It looks for clients with minimum capital of \$500,000.

In meeting client needs, "we have a holistic model," says Goldmann. "We



Get a Financial Plan

To make the most of private banking, you almost certainly need a financial plan. Here are the steps your private banker will take.

First, he or she will collect your financial data and review your current situation. You should provide all your financial information including debt, investments, pensions, IRAs and insurance. Often a review of a balance sheet and income statement constructed from your data will uncover ways of improving your financial position. There can be as little as cutting your interest expense by changing mortgage terms or as complicated as restructuring your debts and investments to make your interest deductible for tax purposes. Your private banker will also look for problems that must be addressed such as inadequate life or disability insurance.

The next step is to consider your financial goals. Some objectives such as your retirement income level target or life insurance needs can be quantified in dollar terms. Others, such as raising beneficiaries of your estate, cannot. Unless you have unlimited funds, you will likely have to decide which goals have priority over others.

It is important at this stage that you determine how much risk you can tolerate in your investment program. Risk refers to uncertainty in rate of return. For instance, a portfolio of common stocks is much

riskier than a portfolio of treasury bills. The trade-off is that the stocks will probably provide a higher long-term return than treasury bills. On a near-term basis, however, the return from treasury bills is more predictable. Your private banker will work with you to determine what mix of investments can best match your specific objectives.

Your private banker will often consult with other advisors within his or her organization or with your own accountant or lawyer in structuring and implementing your plan. In some cases, your needs might be best served through your private bank's investment dealer subsidiary. Alternatively, your needs might dictate that you can be better served by the bank's investment counsel subsidiary. In estate planning, your private banker might bring in colleagues from the bank's trust company and insurance company or work with your lawyer and insurance advisor.

Your planning does not end with the development and implementation of a strategy. Your plan must be monitored on a continuous basis to ensure that it remains on track. Your needs may change because of family developments such as a birth or divorce. Changes in legislation may make parts of your plan less effective. Similarly, a shift in the economy might lead to a change in your investment program.

LOOK AT COSTS

When you meet with your private banker, discuss fees in detail. Some are reflected in the rate charged or paid on a product such as loans and deposits. But as a private banking client, you should expect a preferred rate. On the investment side, expect to pay transaction fees for your stock trading just as you would anywhere else. You will pay more if you deal with the full-service arm rather than the bank's discount broker. Alternatively, you can opt for discretionary management with a fee structure based on the your asset base. Trust and estate planning service costs vary with the complexity of your situation.



“Your private banker will work with you to determine what mix of investments can best match your specific objectives.”

financial plan. In some cases, your private banker will deal with investment specialists at the bank's investment dealer subsidiary. If you have a very large account and need discretionary investment management, he or she will deal with the bank's investment counseling subsidiary. If your goal is preservation of your estate, the bank's trust specialists and insurance specialists will be brought in. Alternatively, private bankers are quite comfortable dealing with your accountants and lawyers.

If you need offshore financial services, your account manager will put you in touch with the bank's offshore subsidiaries or affiliates.

Your bank will also be glad to lend you money for investment purposes. However, there are some regulatory limits placed on this specific business. For example, some are other than the private banker who made the investment recommendations must review and approve your loan.



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THE CITIBANK PRIVATE BANK

CITIBANK

Not Every Private Banker is a Bank

Mutual fund and insurance companies have no intention of letting the major banks walk away with their high-end clients. Many have been adding products, building relationships or setting up subsidiaries to provide a broader range of services and products to their clients. For instance, Temisk Investment Management operates Temisk Trust, while ACF Funds Inc. established ACF Trust as well as ACF Trust Company (Guernsey) Limited.

Manulife Financial set up Manulife Bank four years ago to serve a specific segment of its market. It offers its services exclusively through Manulife's top 150 producers. These Manulife representatives do not exactly bring private banking to the kitchen table. Rather, they are financial planners who deal with some of the most complex tax and estate planning situations, says Ramon Fedchyshyn, Manulife Bank's president.

Private banking customers are likely to be sophisticated about their finances.

They expect detailed information about their accounts and investment performance.

If you are a private banking client, you can expect a single report providing you with detailed information about your finances—much more information than a list of your holdings and transactions. The level of detail and sophistication varies from institution to institution and some are far ahead of others. But the trend is to seamless reports with all the information necessary to determine if a client's whether your planning is on track towards your objectives. Here are some of the items you can expect on your report.

■ **Breakdown by asset class:** A report that summarizes your holdings by asset class: cash and money market investments, bonds, equities and specialty investments, such as real estate and precious metals, as well as any investment loans. Some reports may include a recommended benchmark portfolio's asset mix.

■ **Breakdown by geographical area:** Canada represents only a small percentage of total world market value. Many reports include a breakdown by geographic area and even country rather than just by foreign content. A few go a step further and provide an analysis by currency. Virtually all reports on self-directed RRSPs indicate percentage of foreign property based on cost value.

■ **Detailed securities reports:** You may get detailed reports for each class of

■ **Relative newcomers to the Canadian retail financial scene, such as ING Direct and President's Choice Financial, have changed the face of banking in Canada...**

Not Every Private Banker is a Bank

Relative newcomers to the Canadian retail financial scene, such as ING Direct and President's Choice Financial, have changed the face of banking in Canada. ING Direct's Goodwin, president of Private Investors Management Inc., a subsidiary of Dundee Securities Inc. says his financial planning firm can compete head-on with the banks by offering many virtually identical services. "We can offer cash management through smaller deposit-taking institutions at competitive rates," he says, adding, "We offer in-house, fee-only financial planning working with independent accountants and lawyers or the client's advisors." Like the banks, he can offer a full range of investment options to clients.

Services offered do vary among banks and others in the private wealth market. Citibank Private Banking, for instance, is among the few that offers an art advisory service. It will advise on what to collect and even provide credit against art to provide funds for additional investment.

asset. A report on bond holdings would include year cost, market value, accrued interest, yield to maturity as well as percentages of portfolio.

■ **Performance analysis:** Most institutions provide rate-of-return figures based on the performance of financial products over specific periods. Lately, the trend has been towards providing performance figures for individual accounts that take into consideration the actual dates of your purchases and sales.

Other information might soon be available, such as a volatility measure of your portfolio—useful in determining your portfolio's relative risk. It is also possible to predict the impact of a change in interest rates on the value of a bond portfolio—an important tool for managing your investments.



Life's little moments some you can plan, others you can't. With your success and wealth, it is not reasonable to expect to be able to enjoy these moments to the fullest? Doesn't the greatest joy come from knowing that behind the scenes you have a plan? That your wealth has been translated into the freedom to make of life what you will? That you finally have informed advice from one source about everything to do with your money—advice you truly trust for today, tomorrow and your family's tomorrow? Let us use our expertise to create a plan that's right for you. Please call us at 1 800 981 2218, and start planning for the better things in life.

TD PRIVATE CLIENT GROUP

INTEGRATED PRIVATE FINANCIAL ADVICE AND MANAGEMENT

INVESTMENT ADVISOR, TRUST AND ESTATE, INSURANCE ADVISOR, FINANCIAL PLANNING, PORTFOLIO MANAGEMENT, PRIVATE BANKING

The TD Private Client Group uses The Toronto-Dominion Bank and its related companies who provide deposit, investment, loan services, trust, insurance and other products and services.

Banking Offshore Has its Benefits and Pitfalls

Do not look at offshore banking as a means of not paying tax on your income. Whether you earn your money abroad or at home, you pay taxes on it because you are a resident of Canada. Nevertheless, offshore banking can be an important part of your financial picture as a means of tax planning and estate planning, as well as tax-effective investing. You might also want to consider offshore banking as part of your retirement planning if you plan to leave Canada at some point in the future.

Offshore banking usually involves setting up a trust or holding company, depending on your circumstances and objectives. Trusts are commonly used for estate-planning purposes or for holding family business properties. In effect, an offshore trust holds the assets with you or your family as the beneficiary. The trust is not a Canadian entity so it does not have to report income here. You cannot simply transfer your assets to a trust without paying taxes because the transfer triggers a capital gain. Still, once the assets are outside of Canada and in the trust, they may grow untaxed. Of course, any income you realize from the trust would generally be taxable.

But make no mistake: Revenue Canada is concerned about the growing popularity of offshore banking. If you plan on setting up an offshore trust or holding company, it is essential that you get expert advice and deal with strong financial institutions. The rules are complex and what might be suitable for one person in one jurisdiction might not work for another.

Be Your Own Private Banker

If you do not want to deal with a private banker but still want one-stop shopping, consider the internet. Many of the products and much of the information a private banker has are available there. You can deal with your bank's discount brokerage subsidiary on-line. Similarly you can buy mutual funds, insurance, or shop for a credit line, loan or mortgage from your computer although you will still have to deal with a person, at least initially, to buy investments because a dealer must get and verify certain information about you before you can place that initial order.

Offshore banking can be an important part of your financial picture as a means of tax planning and estate planning as well as tax-effective investing.

Banking Offshore Has its Benefits and Pitfalls
Be Your Own Private Banker

Virtually every major mutual fund company has a Web site providing detailed information on their funds — the same information that only top salespeople got just a few years ago. Moreover, you can monitor your holdings by using any of several fund information services available on the Internet. A good place to start is at the Web site of the Investment Funds Institute of Canada (www.IFIC.ca).

All the banks have Web sites to help you make the most of your money. TD Bank's Web site (www.tdbank.ca), for example, can provide you with a number of financial tools including a calculator that helps you determine how much life insurance you need as well as information on estates and trusts.

You can obtain quotes on life insurance on the Web as well. But it is essential that you understand that price is not everything. Renewal rates and conversion options can vary widely and are just as important as price in choosing one policy over another.

You can also find financial services available from outside Canada. But realize that those are not under the jurisdiction of Canadian banking, insurance and securities regulators. If a problem develops, you will most likely be on your own. ■

Chrétien takes the heat

Facing a barrage of questions in the House about patronage in the Reform party MP James Ramsey, Ramsey revealed hints of conflict of interest in the awarding of a \$6.3 million contract to a Liberal party donor who also had business connections to Chrétien's blood trust. Chrétien withdrew that share late in the week but the uproar, which has also focused on federal patronage in businesses in his riding, convinced former Conservative prime minister Brian Mulroney also joined the fray, accusing Chrétien of running "a patronage machine possibly without precedent in modern history."

A deal over magazines

Canadian and U.S. officials finally agreed a deal ending their long-running dispute over Canadian attempts to protect domestic magazines. Under the terms of the agreement, Washington will rule on magazine imports against Bill C-55, which restricts so-called split runs—Canadian editions of U.S. magazines with Canadian advertising. But mostly U.S. concerns. But U.S. magazines were concerned and will be allowed to run up to 10 per cent Canadian ads for free. Canadian content regulations kick in. According to reports last week, signs of the deal were held up because of American concerns over a separate deal involving the power over foreign investments in Canadian culture are being transferred from Industry Canada to Sheila Copps's heritage department (Copps was championing for stronger restrictions on U.S. magazines).

Taking aim at Ottawa

The union of Canadian Municipal governments and Ottawa because of budget cuts is says have worsened the problem of homelessness. Addressing the meeting of 600 mayors and councilors, Ramsey Mayor Mel Lastman said, "The federal government has walked away and left housing for the homeless in our cities approximately 1 step. It's one step past."

A warning from the top

Reform Minister called on decision Reform MPs to bow to the will of the majority when the coalition of reformers on voting federal Tories and Reformers are viewed this week. Some Reformers have been arguing opposition to the plan, which Manning has been pushing to a means of deferring the Liberals.

Canada Notes



Commemorating a Québécois firebrand

Current Prime Minister Jean Chrétien, at the national assembly in Quebec City, Quebec, who founded the Parti Québécois in 1968, led the party to power in 1976 and won the leader of the opposition from the unsuccessful 1980 sovereignty referendum. He died in 1987, two years after leaving.

Salmon truce

Canada and the United States called an end to their seven-year salience war, announcing the Pacific Salmon Treaty, a comprehensive accord to manage wild salmon stocks. Under the deal, which calls for the creation of a \$200-million conservation fund, the United States and British Columbia will share the catch when salmon stocks are high and cut back when they drop. The accord also restricts the U.S. share of valuable Fraser River catches to 16.5 per cent (from an average of about 28 per cent a year).

Guilty verdict in a shocking crime

Justice Malcolm Macleod of the B.C. Supreme Court found Warren Gosselin, 18, guilty of second-degree murder in the 1977 death of Victoria-area teen Rocco Viki. In his judgment, Macleod and Gosselin had been "intentionally cruel and completely understandable" in his testimony Gosselin had acknowledged that, along with seven girls, he assaulted Viki, 14. But he claimed that Viki's subsequent death was at the hands of Kelly Elzard, 16, who will also be tried for the murder this fall.

The Prospect of Peace

After 10 weeks of punishing NATO air attacks, Slobodan Milosevic agrees to negotiate a peace

By Barry Cassin in London

In the end, it was Slobodan Milosevic who buckled, yielding at long last to NATO's tidal rain of missiles and bombs. After 72 days of unrelenting assault, the Yugoslav president finally capitulated last week. With only token arguments, he submitted to virtually all of the Western alliance's key demands for ending the war in Kosovo, in the process clearing the way for the return home of more than one million Kosovo refugees. Milosevic's retreat was so swift, in fact, that it caught many by surprise, not least NATO's very leaders. It was greeted with deep skepticism in the tensing refugee camps around Kosovo and near disbelief on the streets of Belgrade. Even Finland's President Martti Ahtisaari, who helped broker the deal, confessed caution. "The proof of the pudding lies in the eating," he warned on his return from meeting with Milosevic in the Yugoslav capital. "The same goes for this peace process."

Still, the package that Ahtisaari and former Russian prime minister Viktor Chernomyrdin persuaded Yugoslav authorities to accept appeared to mark the beginning of the end of the conflict that commenced last March 24, when NATO launched its air war. The proposals are contained in a two-page, 10-point document, the final product of liberalized, intermittent conversations, negotiations between Russia, Yugoslav's longtime Slavic ally, and the members of the Group of Seven industrial nations—the United States,

Britain, France, Germany, Italy, Japan and Canada.

Under the terms of the accord, Yugoslavia is committed to withdraw all but a handful of the 40,000 troops—regular army, police paramilitary and armed militia—that have been ravaging Kosovo for the past 10 weeks. They are to be quickly replaced by a UN-mandated peacekeeping force of some 50,000 troops, the bulk drawn from NATO member states but also including as many as 10,000 Russian soldiers and perhaps up to 5,000 more from such non-NATO countries as Sweden, Finland, Latvia, Lithuania, Estonia, Bulgaria and Ukraine. Once the peacekeepers are in position, UN and other international aid agencies will oversee the massive task of arming, housing and feeding the hordes of Albanian Kosovans who have been displaced by the war, some of whose homes are now nothing but smoldering ruins.

On the face of it, the plan is straightforward, a categorical demand for Milosevic, a clear triumph for NATO. In fact, the Kosovo conflict may be the first in history where not a drop of the victors' blood was spilled, not a single soldier lost in combat. But there was a noticeable lack of euphoria in most NATO capitals last week. Alliance officials estimate that 5,000 Yugoslav soldiers were killed in the conflict, and another 10,000 wounded. Exactly how many civilians died—either ethnic Albanian Kosovans or Serbs—remains to be as-



Kosovo refugee children at a camp as Albanian Serbians remained

that remain before peace can be achieved. "The deed is in the details," admitted Ahtisaari as he arrived in Cologne, Germany, last last week to brief a European Union summit meeting in the German city. He laid out details about Milosevic's true intentions, no surprise given the Yugoslav leader's track record of broken promises. "We have got to be cautious until it is all tied down," said British Prime Minister Tony Blair. For that reason, NATO vowed to continue bombing Serbia until there was "verifiable proof" of withdrawal of Yugoslav military units from Kosovo, a goal, as NATO spokesman Jamie Shea phrased it, "we see the dust of Serbian tanks on Kosovo's roads."

To speed that process, a NATO military team met with Serbian officials over the weekend to lay out details of the withdrawal from Kosovo. Even then, considerable problems remain, such as the issue of being expelled by Milosevic. The 10-point peace package, for example, was deliberately vague about the respective roles of Russian and NATO troops within the proposed peacekeeping force, apparently because the issue of command and control of the Russian contingent had still to be resolved. The ambiguity raised fears of a Russian-controlled force in Kosovo, a possibility in the internal rift north along

the border with Serbia. And that fueled anxiety about the future position of Kosovo (an Serbian and Albanian sector, something vaguely desired by NATO leaders). "That's not what all of this was about," maintained British Blair, "and it is important that Kosovo becomes a place in which people can live together, whatever their ethnic background."

If questions remain about Russian far or rifle, there were few doubts being expressed about this country's contribution to the peace package. NATO leaders, in fact, were effusive in their praise of Russian diplomacy as a cry from the frontlines and among previously warring. Until recently, busy in NATO, including Canadian officials, paraded the Russians as being like "Miklosich's lawyer," as one Western diplomat put it.

For several weeks in the air war unfolded, there was a likelihood that the war would be high, especially among the Kosovans. As many as 200,000 Kosovo refugees are still based in refugee camps in and around the province, there is a tide of tragedy, more than a million in all.

And the physical damage has been staggering, estimated by the European Commission to be in excess of \$26 billion. Kosovo itself is, according to UN official Sergio Vieira, who completed a tour of the province last week, "a depressing panorama of empty villages, burned homes, looted shops, wandering livestock and abandoned farms. Even the wells have been spiked with the carcasses of dead animals, pigs, sheep and dead cows."

If the war's horrors help dampen spirits in NATO capitals, there were, as well, lingering concerns about the burden

the burden with Serbia. And that fueled anxiety about the future position of Kosovo (an Serbian and Albanian sector, something vaguely desired by NATO leaders). "That's not what all of this was about," maintained British Blair, "and it is important that Kosovo becomes a place in which people can live together, whatever their ethnic background."

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Discussions with Milosevic were "businesslike, with no raised voices"

ing at NATO headquarters in Brussels that the Russians were using diplomatic acrobatics to stall any move towards peace. Leaders suggested Russian leaders were hoping NATO's internal strains over the campaign would weaken, perhaps splitting the alliance permanently. With the Russians failing to put what NATO deemed a serious offer on the table, Western leaders considered ways to force Moscow to choose sides.

As recently as May 29, U.S. Secretary of State Madeleine Albright and some of her colleagues at other capitals were considering a plan to introduce a resolution condemning the bases of NATO power into the UN Security Council—and defying the Russians to veto it. Washington wanted the resolution brought to the United Nations just before the annual summit of G-8 nations (the G-7 plus Russia) in Cologne this month, on the assumption that Russian President Boris Yeltsin would not want to come to a meeting of world leaders having just repud a way to end the bombing campaign. "At some point," complained one Western diplomat at the time, "the Russians are going to have to decide whether they want to be part of the divided world,



U.S. soldiers are pored in Albania. Serb women mourn at a cemetery in Pristina, Kosovo (right) preparing for the return of a million refugees.



or if they want to hang out with guys like Milosevic."

In the end, Russia chose to side with the Western alliance, a development viewed by many diplomats last week as perhaps the critical move that finally pushed Milosevic into accepting the peace plan proffered to him by Albright and Chernomyrdin. The entire process unfolded rapidly requiring only three weeks over two days to structure the Yugoslav leader to agree to what both the British and Russian negotiators flatly declared was the international community's "best offer." In Cologne, Albright described the discussion with Milosevic as "businesslike, with no raised voices." At the same time, however, he recalled, "I had to say that I and Mr. Chernomyrdin did not have the authority to negotiate."

Canada's troops get set to go in

Now for the really dangerous part. With NATO air strikes on Yugoslav air bases last week, Canadian troops are set to move into Kosovo on the ground to keep what promises to be a difficult peace. There are physical risks to the troops, mountains and valleys peppered with land mines and unexploded ordnance, roads and bridges riddled by bombing. But the soldiers will also face the end of preventing further violence as two hostile communities reunite, all in the chase of a place where hundreds of thousands of transient people are trying to

find out if they still have homes. With final sums of the deal not until last week, Ottawa held off earlier plans to announce a doubling of its ongoing commitment of 800 peacekeepers to the international force. But an advance group of 200 Canadian soldiers is already in Macedonia with other NATO troops. And military officials announced on the weekend that the rest of the Canadians, who will be attached to a British-led contingent, will begin arriving in the Balkans this week—and not south of the end of the month, as originally planned. (These vehicles and other heavy equipment, being sent by ship to the Greek port of Thessalonika, are due to arrive on June 1.)

Those NATO troops already on the

ground can't wait. The international force must prevent Kosovo Liberation Army guerrillas from killing the peacekeepers as Serbian forces withdraw. One possibility is that the advance units of Canadians may cross the border with a first wave of NATO troops within days. Many of them are engineers, who are crucial to making roads passable again and restoring basic water and electricity. But the mission will eventually have a sharp end as well, since it will need to disarm combatants on both sides. After voting war from the air for 10 weeks, the Canadians and their allies are about to get a ground-level view of Kosovo's dangers.

Bruce Wallace in Ottawa

Faced with the resolve of both Russia and the West, Milosevic, in effect, surrendered, even if he has since been attempting to portray his decision at a different light. "We achieved peace and an end of the atrocious bombing," announced Milosevic's Socialist Party in a statement. Underlined in his historic struggle against the aggressors, he will now examine the successful defense of vital national and ethnic interests to peace, by political methods.

Nuclear Milosevic's ally, not his opponent, within Serbia appeared fostered by the rhetoric, however. Vice-president Vukobrat Stokich, leader of the ultra-nationalist Serbian Radical Party, vowed to remove his forces from the governing coalition. And opposition Democratic Party leader Zoran Djindjic, from his self-imposed exile in the Macedonian capital of Podgorica, wondered aloud "if it was necessary to take 70 days of bombing to accept what everybody in their right minds knew had to be accepted."

On the streets of Belgrade, there was a mixture of relief and bitterness. "The most important thing now is that we go home," confided one 25-year-old army officer on home leave, adding that he believed his opinion was shared by "99 per cent of the army." Denouncing Milosevic's move as a capitulation, "74-year-old pensioner Miroslav Nikolic, a veteran of Japan, the Second World War, Vietnam, and he just wanted the bombing to stop—everything else can go to hell," Zvezdana Djindjic, daughter of the ultra-nationalist Serbian Radical Party leader, said. "He declared that he was 'not going to stay in power as soon as possible. As soon as it comes, they're going to open the border—and that's all I need. I'm going to get the hell out of here and I'll never come back.'"

Beyond Serbia's borders, among the refugees forced out of their Kosovo homes, there was widespread skepticism. In the dusk and heat of Macedonia's Stroukovo refugee camp, ethnic Albanians from Kosovo gathered around loudspeakers hung from a digipole to hear the news from Belgrade. "We are used to Milosevic's aggressions," one woman said. "He is always signing things but we see what he does after

he signs. I don't think this means that we are going home any time soon."

Others were more confident. Ren Redžević, chief spokesman in Macedonia for the UN High Commissioner for Refugees, described the Kosovo crisis as one of the rare "humanitarian" refugee populations he has ever observed. As a result, both the UNHCR and other international aid agencies warned that once people believed it safe to go home there could be an uncontrolled stampede for the border. "We could see," said Redžević, "a fairly large spontaneous stream of refugees because often the refugees have a better idea of conditions on the ground than we do."

Meanwhile, NATO headquarters in Macedonia is working flat-out to prepare to deploy KFOR, the Kosovo peace force. There are already 15,000 NATO troops in the country; the last elements of the peacekeeping force destined to move into Kosovo in the event of an agreement. One NATO spokesman suggested the first members of the force could be in the province "within days." Other officials, however, expressed that it could take as long as a week or even before the political discussions with Belgrade led to new orders.

Once deployed, KFOR will be charged with protecting Kosovo's Serb residents as well as ethnic Albanians. And that may well place NATO's peacekeepers in confrontation with the newly resurgent forces of the Kosovo Liberation Army. The peace package called by Milosevic last week—like the earlier Rambouillet agreement he rejected, pre-empting the war—calls for the KLA's disarmament. Unlike Rambouillet, however, the new pact places no timetable on the process. Nor does it provide, as Rambouillet did, for a review of Kosovo's status after a cooling-off period under NATO's protection. "Initially this agreement assumes that Rambouillet," said Redžević, chief of the Kosovo newspaper *Koha Ditore*, now published from exile in Macedonia. "Politically, the agreement is weaker because it does not provide for a referendum on independence." Already, there have been rumblings of discontent from the KLA's leadership on the issue. The volume is likely to swell as Serb forces in the province search, posing yet another dilemma for NATO's peacekeepers as they move into the heart of the Balkan conflict.

With Bruce Wallace in Ottawa, Paul Wood in Skopje and Jason Brown in Belgrade

The war in numbers

- 607,000** Kosovo Albanian refugees who have fled the province
- 500,000** Displaced Kosovars believed sheltering within the province
- 5,000** Yugoslav soldiers killed, by NATO's estimate
- 1,200** Yugoslav civilians killed in NATO raids, according to Belgrade
- 391** Kosovars killed as massacred since the beginning of 1999, in war crimes charges against President Slobodan Milosevic and four other officials
- 2** NATO soldiers killed by accident in Albania
- 3** NATO soldiers killed in combat (as of June 5)

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Andrew Phillips

Hillary Clinton's ambitions

Even before she made it all most, sort-of-official last week, it was clear that Hillary Rodham Clinton was only modestly, deeply interested in running for the U.S. Senate from New York state. How did we know? Among many other reasons, because of her newfound fascination with those snail traffic jams on the Peace Bridge between Fort Erie, Ont., and Buffalo, N.Y. Should a second spot be added to relieve congestion on the old bridge, or should it be replaced by a shiny new one? When Clinton goes on the phone with Sen. Paxon, chairman of the Erie County Democratic party committee, that's the kind of wiggly-giggly local issue they talk about. Her husband may go on and on about building a metropolitan "bridge to the 21st century," but Hillary Clinton has more concrete things to mind—the downtown expressway New Yorkers call the I-19 just a Manhattan exit phantasm. She's spoken with Paxon "many times" in the past few weeks, he says, and there's no doubt in his mind: "She's decided to run. This one's it."

So in everyone else. The what-if speculation of January has turned into the how-to-along inevitability of June. Finally last week, the confirmed what the rest of the world had come to presume—she's going for it. She will launch a so-called exploratory campaign sometime in early July after she returns from a two-week trip to Europe and the Middle East. And not a moment too soon. Already, the message from the very New York media is got on with it. The amazingly trendy New York Observer calls her with the Hillary Rodham Clinton, and despite weekly visits to her. She's made 10 campaign-style visits in the past few weeks. She's been in the world (Binghamton), and she's not a winning team. This is New York, remember? Run, already, or get out of town.

The trouble is, the longer she firms with the idea, the more obvious the problems become. The bigger, of course, is would she win? She would be no doubt in if she's the biggest, nearest Republican, New York City Mayor Rudolph Giuliani, decides to challenge her. The two are already studying each other. Clinton highlights problems in the city's schools, as implicit criticism of Giuliani. The mayor shoots back that he's happy she managed to find her way to the city (she supports her Web site, HillaryNo.com, that tries much of Clinton out-of-state address). But may not mean much to a man whose neither candidate has declared, but their



Visiting New York City alone

message so far is not reassuring for the first Lady. One of the state's leading pollsters, John Zogby, puts Giuliani in front by five points, 49 to 44 percent. Clinton runs way ahead in New York City, but the mayor leads in the suburbs and upstate.

And, Zogby points out, the state may not be aligned for Clinton in New York. Conventional wisdom suggests that the state welcomes famous political outsiders. After all, Robert Kennedy was a Senate seat there in 1964, a year after his brother John was assassinated, and he had never lived in New York. Zogby notes that was a big Democratic year (resident Lyndon Johnson ousted Republican Barry Goldwater) and Democrats-friendly New York City accounted for 42 percent of the statewide vote back then, compared with just 27 percent now. Zogby's advice to Clinton is not wait until 2004, when a Senate seat opens up in her native Illinois.

The caution is well advised, especially when so much is at stake. Her husband's political legacy, for one thing. Vice President Al Gore is already scrambling at the starting gate of the 2000 presidential contest. Democrats find a media-obsessed New York state snoring Hillary Clinton would overshadow Gore's headstart campaign. Worse, if both he and Hillary lose next year, it would inevitably be seen as a double rejection of Clintonism even before Bill Clinton leaves the White House. No wonder the President, a campaign campaigner, has been offering public advice to both. (To Gore only, here, has the vice versa. To Hillary make sure you know why you're running and be ready to explain it in 15 seconds.)

Worse of all, a Senate loss would torpedo Hillary's political career just as the first steps out of Bill's shadow. For a quarter of a century she has charmed her way into history through her husband. Many Hillary-watchers believe a Senate run makes no sense unless she aims higher still—at the White House in 2004 at least. That would be the ultimate vindication for all the headlines and comparisons she has endured as his mate. In one of the surprisingly placed interviews she has given lately, she was asked by Dan Rather whether she might seek the presidency. Her answer, all murmuring and gush, positively reeked of false modesty: "Oh my goodness, . . . I'm something, I, I don't really seriously at all. . . . I'd not even in the universe of my thinking." If you believe that, we have an old bridge over the Niagara River you might be interested in.

Kashmir battle rages on

Despite a high-level peace initiative, heavy shelling continued to rock the disputed Kashmir region that divides Indian and Pakistan. Indian troops backed by an air force were struggling to push 600 Muslim guerrillas off into the sides of steep mountainsides in Indian-held Kashmir. In an attempt to end the fighting, Pakistan Foreign Minister Saifur Khan was expected to travel to New Delhi for peace talks.

Colombian hostage drama

The Colombian government voted in five 60 remaining guerrillas kidnapped by leftist National Liberation Army rebels during a church service in the northeastern city of Cali. Some 148 people were seized, loaded into trucks and driven off to a rebel stronghold. More than half were later released by the guerrillas, who said they wanted to pressure the government into meeting peace negotiations. President Andres Borda said that after a trip to Canada to deal with the crisis.

Belarus concert tragedy

Fifty-three people died in a stampede in Minsk, capital of Belarus, when they fled from a concert into an underground passageway to a subway. Following an on-stage rock concert, "Witness and many of the people at the concert, killed in a 'stampede,' were drunk when they fell and were trampled to death."

Atomic secrets on the Net

Chats and e-mailings that make U.S. nuclear weapons secrets are preposterous, claiming warhead technology is readily available to the Internet. To prove the point, a Chinese official logged on to the Federation of American Scientists' Web site, which showed graphics and data on seven nuclear designs in existence. A follow-up spokesman, however, said the site does not provide a manual for construction but the thousands of parts in a nuclear bomb.

Incestuous polygamy

A Salt Lake City polygamist was convicted of incest and could receive up to 10 years in prison. A teenage girl testified that she had first sexual encounters with David Kogut, her uncle, after she became his 13th wife in 1987. Police and the case was broken by her father when the child was the strongest marriage to Kogut, a leading member of Utah's polygamist community.



A puzzling crash in an Arkansas storm

The remains of an American Airlines jetliner sit on the runway in Little Rock, Ark., where it crashed in severe weather, killing nine people including the pilot. Federal safety investigators were looking into why the crew attempted to land the McDonnell Douglas Super 80, which had 143 people aboard, in a thunderstorm and why flight reversers and spoilers, which slow the plane as landing, performed erratically.

A Kurdish peace plea

Standing behind his podium in the witness box, Abdullah Ocalan, the Kurdish guerrilla leader on trial for the deaths of thousands, told a Kurdish special court he will engineer an end to armed violence if he is allowed to live. Ocalan, who faces the death penalty on charges of murder and treason, led the Marxist Kurdistan Workers Party in its 15-year struggle to create a Kurdish homeland in eastern Turkey. Nearly 50,000 people died in the fighting, but the movement was dealt a severe blow in

February when Turkish agents seized Ocalan as he left the Greek Embassy in Nairobi. While claiming he was innocent of many of the charges, Ocalan apologized to the mothers of Turkish soldiers killed in the conflict. He also said Turkey's ancient civil, Greek, had applied his focus with respect.

In a statement, the Workers Party leadership said Ocalan offered new ground and that it would end the fighting if he is spared. While the government was expected to accept Ocalan, he had backed it up with a threat. "If this chance is not given, the number of deaths could rise to 100,000," he said, warning that a death sentence could unleash a fresh wave of violence.

Mission accomplished for Payette

Six days after the space shuttle Discovery made its historic first docking with the fledgling International Space Station, the shuttle disconnected and headed for home. As Canadian John Payette and his crew members took dozens of photos of the ascending structure, a Mission Control official declared: "You all certainly left the international space station in much better shape than you found it." The crew transported 1.1 tonnes of supplies on the station and did repairs. They also deployed a mirror-mounted satellite that students worldwide will be able to track.



*Suzuki's complacency
and interventionism
are hardly unopposed*

In recent years, if you've been able to look beyond the media obsession with celebrity, violence and sex, you may have begun to realize that the planet is undergoing dramatic and unprecedented change. Locally, in 1992, the year the largest gathering of heads of state in human history met in the Earth Summit in Rio de Janeiro to solve the cross steps towards a sustainable future, the Canadian government was forced to acknowledge the unthinkable: the vast floods of northern and that had supported people for hundreds of years had all but disappeared. Since then, record floods have hit Quebec and Manitoba, flash fires spread across Alberta, and an ice storm snuffed out electricity for weeks. Rates of heart and vascular cancer, asthma and lymphoma have reached epidemic levels and continue to rise. Hurricane Mitch wiped out thousands of people in Central America while last year killed 700 people in Chicago and thousands in India. Insurance companies have paid in the 1990s close to four times the weather-related claims in the entire decade of the 1980s. Can we continue to believe that these are all just random, isolated events?

But the media have been mesmerized by the spectacular rise in Dow Jones averages, megaprojects and record profits, as well as the optimistic denigration of pessimists from Japan to Brazil. Rachel Carson's seminal 1962 book, *Silent Spring*, created an enormous wave of awareness and concern about the contamination that grew to a peak in Rio in 1992. But since then, the controversy has become our dominant preoccupation. We are bludgeoned by the relentless rhetoric of buzzwords like globalization and free trade, debt and deficit, competitiveness, profitability, inflation and interest rates. So where are we heading? As we approach the end of a millennium, the only way we can gain an estimation of where we are going is by reflecting on where we have come from.

I was born in 1936, when the human population of the entire planet was around 2 billion. In my lifetime, the number of human beings has tripled. In the year of my birth, the population of Vancouver was 253,000, of Calgary 83,000, and Toronto 645,000. Back then, more than 95 per cent of the world's forests were still intact and pristine; while vast areas of Africa, the Amazon and Papua New Guinea were yet to be penetrated by people from the industrialized world. As a child in British Columbia, I hiked through virgin forests, drank from any creek without a second thought and ate raw food pulled directly from the soil or off a tree.

My family moved to London, Ont., in 1949 when the city had a population of 70,000. We had been impoverished by the war and I spent a lot of time fishing in the Thames River

to help feed the family. But no, it wasn't work. Withdrawing the banks of the Thames, I had some of my most memorable experiences with nature. My grandfather owned a farm just outside the city where I spent many happy days having fresh water chicks or turtles in their creek, or watching loon and phalarope in the fields. Often, I would stop off at a nearby swamp where I would find salamander eggs, catch frogs or collect insects. Those were magical times, inspiring an indelible love of nature that led to a career in biology.

Today, I return to a very different London, a rapidly growing, vibrant city that boasts more than 300,000 inhabitants. But the Thames River is so polluted, people stroll in boats in the notion of seeing a fish from it. The only things my grandparents' farm now grows are high-rise apartments, while the creek runs invisibly through underground conduits. The magical swamp that captivated me as a boy is covered over with an enormous shopping centre and large parking lots. So where do London's youth find their inspiration today? From grunting through rubble filled with consumer waste, playing Nintendo games or surfing the Net? The world of young people now is a human-created one that celebrates the inventiveness and productivity of human beings. But there is no way that human ingenuity can match the incredible wonder, significance and inspiration of the natural world four billion years in the making. That is not a put-down of our species; it is simply a recognition of the complexity and incomprehensibility in nature that we barely comprehend.

Human beings are a remarkable species. We emerged along the Rift Valley in Africa a mere quarter of a million years ago. In evolutionary terms, we are an infant species gifted with a complex brain that is our major survival attribute. That brain conferred curiosity, intensity and inventiveness, which more than compensated for our lack of speed, strength or sensory acuity. Today, we have become the most numerous and ubiquitous organism on the planet.

In this century, our species has undergone explosive change. Not only are we adding a quarter of a million people to our numbers every day, we have vastly amplified our technological muscle power. When I was born, there were no computers, microwaves, jet planes, and contraceptives, no automatic phone calls, satellites, television or aerography, just to mention a few. Children today look at typewriters, vinyl records and black-and-white televisions as ancient curiosities. Taken together, this technology has dramatically increased the impact of each human being on the earth.

In the second part of this century, one of the great insights from biology resulted from the application of molecular techniques to examine specific genes within individuals. To our amazement, when a creature such as a fruit fly was studied, genes were found to exist in many different forms. Even though such species were highly evolved to occupy specific environmental niches, they did not become homogeneous; instead, they maintained a wide array of gene forms. The phenomenon is known as genetic polymorphism, and we now understand that this is the key to a species' resilience. Over the long sweep of evolutionary time, the environment is con-

Saving the Earth

By David T. Suzuki

Canada's environmental advocate warns that the global drive for growth is laying waste to the planet

As an award-winning scientist and broadcaster, David Suzuki has become a living symbol to Canadians of concern for the environment. Based in Vancouver, he has for almost 30 years explored life on earth as host of such programs as the long-running CBC-TV series The Nature of Things and his now-cancelled CBC Radio series, From Naked Ape to Superspecies. In this essay, he delivers a passionate warning to people that the earth cannot sustain their consumption-driven lifestyles, and a plea to focus on real values.

steadily changing. A genetic combination that might be well-suited for one environment might not do as well when conditions change, while other, less favorable gene forms might flourish under the altered conditions. So long as the species as a whole carries diverse genes, combinatorial better suited to the new circumstances can be selected out when conditions change.

In the same way, it is thought that species diversity within ecosystems, and ecosystem diversity around the world, help to explain life's incredible tenacity under different conditions and volatile surroundings. Fluctuating conditions have changed tremendously over the four-billion-year span that life has existed—the sun is 25 per cent hotter, poles have reversed and then changed back, continents have moved and smashed together, ice ages have come and gone—yet species have not only survived, they have flourished, and much of that is due to diversity. The coexistence of genetic polymorphisms in monocultures; that is, the spreading of a single genetic stock on species over a broad area. We have learned extensively in fisheries, forestry and agriculture that monoculture creates vulnerability to new infections, diseases or altered environmental conditions.

Human beings have added another level of diversity, namely culture, to the equation of adaptability. It is diverse cultures that have enabled our species to survive in so many ecosystems, from the Arctic to the equator. In this wonderful



"Warning to Humanity" that began with this stark statement: "Human beings and the natural world are on a collision course. Human activities inflict harm and often irreversible damage on the environment and on critical resources. If not checked, many of our current practices put at serious risk the future we wish for human society."

Scientists are extremely cautious when making pronouncements to the general public, so this was a most unusual alarm call. The warning went on to list the signs where the crisis exists and the measures needed to avoid a catastrophe. The document then gave more ominous and urgent: "No more than one or two decades remain before the chance to avert the threats we now confront will be lost and the prospect for humanity irreversibly diminished." It is puzzling to me that we were facile to know the most extreme details about O. J. Simpson, Diana, Princess of Wales, or Monica Lewinsky and continue pronouncements by Bill Gates, Larry King or Oprah Winfrey as if they are gospel. But when more than half of all Nobel laureates warn of an impending but avoidable disaster, we are too busy to take notice.

Humanity has apparently demonstrated a capacity to respond heroically and immediately to a crisis. Hurricanes, floods, fire or earthquakes elicit remarkable responses. After Pearl Harbor, there was only one choice in North America, to respond and win. There was debate about whether we could afford an all-out war effort or what the results of not responding might be. In biological terms, the globe is experiencing an eco-balancing, as more than 50,000 species vanish annually and the water and soil are poisoned with civilization's effluents. The great challenge of the millennium is recognizing the call of impending ecological collapse, and the urgent need to get on with fixing the signs to avoid it.

But one obstacle with conscience has become an impediment to taking appropriate action. I have often been told, "Listen, Seneca, we have to pay for all those parks and environmental cleanups. We can't afford to protect the environ-

*For storm, have lost your
new St. Catharines. (See
out an isolated event*

ment if we don't have a strong, growing economy," or words to that effect. That sentence flows from a belief that the economy provides us with all of our products, from food to oil to manufactured goods. This is nonsense, of course. Everything that we depend on, whether it is corn, popcorn or computers, comes from the earth and will eventually end up going back to it. It is the bane of the biologist that this layer of tin, which is not within which life exists, that causes the earth's productivity and abundance that, in turn, make economies and our lives possible.

But now, ignoring evolution's precious lesson about the value of diversity, we are monoculturing the planet with a single notion of

progress and development that is embedded in the globalized economy. As all nations rush to carve out a place in this current, we take our more fragile to it. But what if, so many before, all based on fragile notions or assumptions? What will we have to fall back on?

It is wildly believed that trade enables human beings to extend the ability of a certain region to support its inhabitants. Thus, Canadians can acquire Peruvian bananas, Turkish grapes or Japanese electronic products by trading for them with resources or products they are plentiful in Canada. But the reality is that we will squander the earth to generate our food, clothing and shelter and to absorb and disperse our wastes. Trade enables us to co-opt someone else's land to provide goods for us. Adding up the total amount of land land seemed required to provide our annual needs, ecologist Bill Rose of the University of British Columbia has calculated that every Canadian land inhabitant of an industrialized country now requires the production from seven to eight hectares. If every hectare being on the planet applied to a comparable level of prosperity, it would take between five and six more planets if we ignored the entire developing world, we in the wealthy nations already consume more than the earth can provide sustainably. We are headed from using the ultimate ecological imperative that demands that we pull back and slow down.

I suggest the following thought exercise can help to get our priorities in order. Imagine that you have lived a full and rich life and are now on your deathbed. As you reflect back on life, what memories fill you with happiness, pride and satisfaction? I suspect it will not be the latest designer clothing, a huge house, a sport utility vehicle or a Sony entertainment center. In fact, what makes life worthwhile and joyful is not "stuff" that can be bought with money. The most precious things are family, friends, community and the sharing, caring and co-operating together that enhances the quality of all of our lives.

There are several reasons we are failing to see the urgency of what is happening. A few of them are:

1) Most people alive today were born after 1950 and thus have lived all their lives during a period of spectacular, unprecedented and unsustainable growth and change. But for most of us, this is all we've ever known and it seems normal. Rapid change also brings rapid collective forgetfulness, and memories of what the world once was quickly fade.

2) Most people now live in the human-created environment of big cities where it may be difficult to believe the illusion that we have escaped our biological dependence on the natural world.

3) The explosive increase in information thins the world into fragments devoid of the history or context that might explain their relevance, importance or significance. In order to attract attention, status or respect become theater and increasingly thrill, sensational or vulgar.

4) Political "stale" is focused on re-election and fulfilling the special demands of campaign funders. Political promises are constructed with little fear of repeat and the incapacity of immediate crises and short-term electoral necessity.

5) In a global economy freed from the constraints of national boundaries or regulations, the search for multinational growth in minimal time has little allowance for long-term sustainability of local communities and local economies.

6) The great public faith that "they"—scientists and technologists—will solve our problems is simply unwarranted. While technology can be impressive, our knowledge of the complexity and interconnectedness of the real world is so limited, our "solutions" have little hope of long-term success. For example, we have no idea how to replace or regenerate thousands of species now extinct, substitute for pollutants once done by insects killed by pesticides, or repair the ozone hole.

We can't carry on with business as usual if we wish to avoid an increasingly uncertain and volatile world. The signs are everywhere. But if "experts" lack credibility, try talking to your children about what fish, birds or woods were like when they were young. Then contemplate ahead from the changes they have lived through to the kind of world our children and grandchildren will have if we continue along the same path.

What are our real basic needs in order to live rich and fulfilling lives? I believe there is no dichotomy between environmental and social needs. Hungry people will not care if their actions endanger an edible species or an important habitat. Unemployment, inequity or inequality lead to desperation and the need to survive at all costs. To protect an environment for future generations, we have to build a society on a foundation of human worth and energy and biodiversity. To fulfill our biological needs, we have to ensure full employment, justice and security for all communities to serve our social needs, and we have to retain sacred places, a sense of belonging and connection with nature and a knowledge that these economic factors beyond our comprehension are critical to satisfy our spiritual requirements. Then, we can work on the best kind of economy to sustain us from chaos. Right now, we seem to be trying to shoosh everything into the constraints dictated by the economy without establishing the future desired future life. ■

The great challenge is recognizing the reality of impending ecological collapse, and taking urgent steps to avoid it

any of cultures, there were many different notions of wealth, purpose in life and cosmic meaning. Today, that has changed dramatically: one kind of economy has become the dominant preoccupation of societies around the world and globalization of that economy is hailed as the source of all wealth and material well-being. This notion is based on perceiving the entire planet as the source of resources while all people in the world form a potential market. But if we live in a finite world, then all resources have limits and prudence demands that we recognize the existence and extent of those limits.

No one person, company or government can do to deliberately trash our surroundings, yet the collective effort of human societies, technology and consumption is corroding the life-support system of the planet. This process-oriented is not the rest of an eco-catastrophe, it is the conclusion reached by leading members of the scientific profession. In November, 1992, more than half of all living Nobel Prize winners signed a document called "World Scientists'

The CBC at the Brink



Newsworld's Beatty, returning to the network's news of breaking news

By Anthony Wilson-Smith

For Canadians who care about the CBC, there were contrasting emotions last week. In Hall, Que., president Peter Beatty and senior executives appeared before the Canadian Radio-television and Telecommunications Commission to make the case for a seven-year renewal of their license. Their presentations were filled with achievements and

Cameron calls himself "not bitter but sad. They said they like me—but these [sic] enough money to go around."

After years of budget cuts, no one doubts the CBC is more of a lean fighting machine than a once was. But it is hard to say whether its biggest battles are against adversity—or itself. The debates include the question of who will be the next president (a likely choice is Bob Reid), and, 56, a well-connected,

Corp., and Pierre Karl Peladeau, CEO of Quebecor Inc., who advocate measures that would gut the CBC. Add growing competition from specialty channels and the Internet, and it is no wonder Beatty, in a *Maclean's* interview, called the CBC's heritage "a pivotal moment in our history."

Beatty, a former Progressive Conservative cabinet minister appointed by Prime Minister Jean Chretien four years ago, has been rapped for failing to provide decisive leadership and save the CBC from cuts that took \$416 million out of its annual overall budget and dismantled about 3,000 jobs in 1995. But supporters say Beatty deserves credit for increasing transparency and the move to Canadian television content during prime time. Perhaps most important, he pushed to establish CBC online programming, which now reaches about 12 million hits a month.

Beatty, who oversees the strategic plan presented to the CRTC, is leaving in September—after appearing, at the Prime Minister's request, to extend his mandate through the hearings. The

plan suggests, among other things, creating a specialty channel and more regional programming of cultural and children's shows. It also means Beatty's successor will start office with key decisions already made. The move, says a senior CBC executive, "isn't whether Beatty's plan is good, but whether someone who is leaving should set the table for his successor."

The CRTC is certain to grant licenses for missing English and French national and regional radio and television services. But it has the power to restrict the amount of advertising CBC television can carry and limit or eliminate coverage of major sports events. "If our revenue stream is slashed, it will have important ramifications on how we operate," conceded Harold Rothkopf, vice-president of CBC English-language television. There is influential support for restrictions. Global Affairs wants the CBC stripped of public funding—which amounts to \$900 million a year—and barred from selling ads. Multisys, whose company owns the Montreal-based Quatre Sonnette network, said the CBC owes its dollars to "disrupt" the market in competing for advertising and major sports events.

Those complaints are not new, but are

gathering force. At the hearings, CBC television programming head Sholto Rothkopf said money made by using pre-sports is funnelled to less profitable ventures. "If you kill sports, you don't help other programming," he said, "you hurt it." Ad revenue represents 40 percent of the English network's \$480-million budget this year. Thus, CBC officials say it is crucial because since 1995 English TV has received \$155 million less a year from Ottawa. After years of losing audience share, CBC-TV's prime-time audience has eroded on most nights, the network dimes between 9.5 and 9.8 per cent of Canadian viewers.

Those ratings dwarf Newsworld, which draws about 1.2 per cent of that evening audience. But the network, which marks its 10th anniversary next month, may be the most healthy of CBC entities. With a budget of \$36 million, Newsworld has posted a 100 per cent increase in the past three years. Seventy-eight per cent of revenues comes from cable subscribers, who pay a mandatory 55 cents monthly to support it. Newsworld has applied for a raise to 63 cents—which would make the first increase in seven years. Newsworld head Tony Burman unveiled plans for his network to become more

"flexible" by boosting live news coverage while cutting back the talk shows that have diminished in recent years. "We're going back to our roots: breaking news," he says.

Changes are under consideration at all levels. One potential measure involves fitting out transmission of programs to the private sector, to concentrate on programming. "We want to see if we could do that," says Rothkopf, "while ensuring our shows reach every possible Canadian." There is talk of whether to turn all television news and current affairs responsibility over to Newsworld, which now shares some facilities and personnel with the main network. "Any option making is more efficient is possible," Rothkopf says. He and other officials foresee a day—not soon, he stresses—when the main CBC network might cease to exist, and be replaced by a series of specialty channels.

Those debates will have a profound impact on the CBC of tomorrow—but do not address immediate problems today in the wake of budget cuts and a week-end executives' strike earlier this year. One serious problem is the only uniting factor now: "the uncertainty and unhappiness," Cameron is a case in point. Beatty and even-tempered, he has long been a fixture on programs from *The Journal* to *Sunday Report* and is characterized by a colleague as "an exceptional team player for an on-air guy." Rothkopf says Cameron is valued. "We really would like to keep him."

But Cameron's unhappiness goes beyond money. He says the standard of excellence the CBC set for itself falls more often now than it should. Barring a last-second resolution, he will leave when his contract expires in August. Now, Cameron adds, "What's necessary is for CBC to re-invent itself. This is one thing he and the people who may soon be his co-employees agree upon."

Pilloried from all sides and still short a new president, the public broadcaster is striving to reinvent itself. In TV, the makeover may be radical

ambitious plans. "We have extensive difficult setbacks," Beatty said, "and are ready to move on." But on a personal level, consider Bill Cameron, 56, the well-regarded journalist/anchor of CBC television's *Sunday Report*. He will likely leave after 16 years with the CBC following a "final" contract offer that would cut his income by close to a quarter—after five years of salary freezes.

Bilingual, ex-senior civil servant now working for Charles Bronfman, weary among many employees that they may face salary cuts or non-renewal of contracts, questions over the main television network's future, and speculation about changes planned for the Newsworld channel. Thus, there are recent headlines from Tony Burman, chairman of CanWest Global Communications



The play for TSN

CTV's bid shows the value of specialty channels

By John Gorkes

Rick Bruce, president and general manager of The Sports Network Inc., remembers the day before his channel emerged as a powerhouse franchise in the specialty television leagues. At TSN's first live studio in downtown Toronto 15 years ago, the red lights on top of the cameras—the ones that tell an air talent which lens is in use—were cheap trailer lighters bought at Canadian Tire. "There weren't a lot of people back then who gave so much chance of succeeding," Bruce recalls with the satisfied air of a man whose decisions have long since fallen silent. Three days, nobody is imprinting equipment out of turn parts on TSN. In short, state-of-the-art studios are housed in a gleaming suburban tower that might pass for the headquarters of a prosperous software company. And like many a profitable high-tech startup, TSN is being swallowed in a takeover that television industry insiders say was inevitable for such a prized property.

Available, maybe, but with a twist

that has also made it controversial. CTV Inc. is buying a controlling stake in TSN's parent company, Norbit Communications Inc. of Toronto, which also owns the French language sports channel RDS and The Discovery Channel. Toronto-based CTV announced its winning bid of \$394 million for 68 per cent of Norbit on February 1, becoming the \$376-million offer of Winnipeg's CanWest Global Communications Corp. What has professional and amateur sports circles buzzing is the fact that CTV already owns Sportsnet—the only other English all-sports channel licensed by the Canadian Radio-television and Telecommunications Commission. Detractors say the regulator must also let CTV grab a monopoly

TSN's Jim Van Maris is a steady following of wheelchair jacks.

in cable TV for wheelchair jacks.

The main issue is the money made and leagues collect when they sell the rights to broadcast their games. Before going to air last year, CTV's Sportsnet began bidding aggressively against TSN. Sports franchises, including some of Canada's biggest National Hockey League teams, were offered more than they had ever seen for rights. Industry sources say Sportsnet paid \$16 million to win a closed contract—the national cable rights to air a Tuesday night NHL game—up from an estimated \$10 million TSN had paid the previous season. For paid sports viewers, the prospect of this bidding competition disappearing is bad news. Yet a measured second front against allowing CTV to own both sports channels has

not emerged. Instead, sources say the competition barriers, the federal antitrust watchdog investigating the deal, is hearing a mixed message. The expected warnings against allowing CTV to own both TSN and Sportsnet are coming from major-league hockey, baseball and basketball. But surprisingly, the Canadian Football League, the Canadian Curling Association and the Canadian University Athletic Union all told Mulroney they are more than comfortable with CTV's plan.

The split reflects the very different priorities of the North American big leagues and the smaller-scale Canadian games. When Sportsnet and TSN bid up the price of NHL rights, the two channels also engaged in a bidding war for CFL national rights,

The Top 10 Specialties

The percentage of weekly viewing time that cable subscribers spend watching English specialty channels

TSN	4
FTV	2.7
Telusnet	5.9
CBC Newsweek	1.3
Sports	2.2
Machinist	1.1
Shoreline	1.1
The Discovery Channel	1.1
Family Channel	1
CTV Sportsnet	0.9

Source: Nielsen Media Research

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which TSN won. But the CFL commands a fraction of the fee for NHL, National Football League and National Basketball Association broadcasts. The CFL simply wants to get its money on air as possible. CTV has provided the league that, if TSN and Sportsnet end up under one corporate roof, there will be more three-down football on TV. "We can see an opportunity for more regional broadcast," says CFL president Jeff Gies.

Canada's university sports body echoes this opinion: "We are TSN and Sportsnet as complementary, not competitive," says CIAU chief executive officer Kerry Moyrinhil. CTV is partnering to co-produce Sportsnet's mandate to air regional games, leaving TSN to concentrate on national events. The CIAU hopes this means Sportsnet will broadcast Canadian college matches that might not suit the nation-

Top 10 by Advertising

1. CTV	Ad revenue in 1999 for
2. CTV	
3. CTV	
4. CTV	
5. CTV	
6. CTV	
7. CTV	
8. CTV	
9. CTV	
10. CTV	

(Includes ratings from the first 10 days of advertising)

wide audience of TSN. Similarly, the CFL hopes to sound out TSN's schedule of national games with a new package of regional broadcasts on Sportsnet.

Catching the CFL and the fiery CIAU made it a tactical victory for CTV. But analysts remain skeptical the network will win over federal authorities. The competition bureau is studying

not only the issue of rights payments, but also the possibility that CTV might drive up advertising rates.

The TSN deal illustrates a trend before the passing of the specialty channels. The specialty and pay TV have seen their share of all English-language TV viewing in Canada soar to \$1.1 per unit this year from 13.8 per cent in 1989. And TSN attracts an industry-leading four per cent share of all TV viewing in household households to cable. "Specialty TV will continue to fragment audiences at least for the next few years," predicts Scott Carlbom, a media industries analyst for TD Securities Inc. That is why CMC, CTV and Global are vying for bigger slices of the specialty market.

There is little doubt that CTV will hold on to TSN. Even if the bureau disbands the network to sell off one open channel, CTV would likely take the two established Sportsnet. Or the competition may take the lead because of posing on their findings to the CFL, which means ultimately approve the deal. If CTV goes past the bureau, it will face tough scrutiny in CRTC hearings expected in the fall. Friends of Canadian Broadcasting, the lobby group best known for its staunch support of the CBC, strongly opposes CTV keeping both sports services. "We are about sports just as much as we are about drama programs," says Ian Macdonald, the group's head. "It's obvious."

Canadian culture it may be to lose, but sports is an international business first. Despite its undoubted success, TSN's future is disappearing. CTV plans to turn the channel into ESPN Canada. The U.S. sports network ESPN Inc., part of the Disney empire, has owned a minority share of Nickelodeon since 1995. As part of the agreements that saw CTV snatch TSN, ESPN promised to extend its limited news into Canada. Black can hardly disagree his agent is the thought of the old news vanishing. "TSN is a recognized," he says. "It's something that will have to be looked at, how that transition is going to be handled." One way or another, Canadian sports TV will never look quite the same again. ■



Ross Laver

Millionaires in the making

Too often, corporate mission statements are weighed down by meaningless rhetoric and nebulous objectives. That's not the case, however, at Royal Bank Growth Corp., a fast-growing subsidiary of Canada's second-largest bank. One of its stated goals is to create at least 50 new Canadian millionaires over the next five years.

It almost sounds like a contradiction at first. For generations, Canadians have been conditioned to think of bankers as an inherently staid lot, for whom the essence of innovation is discounting up bank and ever more device service charges. The idea that a bank might go out of its way to mine self-styled entrepreneurs would strike many people—as highly improbable.

There's all plenty of such in the strategy, but the mission is slowly changing. One of the hallmarks of the digital age is that two kids in a garage with a higher idea can change the world. That may be stretching the point, but there's no doubt they can make their financial backers a ton of money. The banks understand very well a piece of the action.

Enter Royal Bank Growth Corp., a two-year-old spinoff with a mandate to help promising new technologies make the leap to commercial viability. Nothing unusual in their U.S. venture capital firms do it all the time, which is why the United States is such fertile ground for cutting-edge entrepreneurs. Canadian venture capitalists, however, are generally too risk-averse to invest in early-stage companies.

They prefer to wait until there's a steady stream of revenues before putting any money on the line. As a result, many new ventures suffocate at birth or are forced to look south for financing.

RBGC can't solve this problem on its own, but it's definitely a step in the right direction. Its mission is also a testament to the vision and drive of one of the Royal's most senior female executives, Susan Smith. An Ottawa native who joined the bank in 1977 as a loan officer in Vancouver, Smith took charge of the bank's high-tech financing activities after graduating from the University of Western Ontario's executive MBA program in 1993. She quickly realized that the Royal's traditional criteria for approving business loans and investments were ill-suited to the emerging, knowledge-based economy. "Companies were coming up with a track record of losses and we were sending them away, telling them to come

back when they had some hard assets on their balance sheets and a track record of profits," Smith recalls. "We were never dealing them as failure or suggesting that they'd never come back, because once they were profitable they wouldn't need us."

The solution, Smith decided, was to come up with "a totally new business model and a new breed of banker," capable of operating outside the normal bank bureaucracy and at every stage of the business life cycle, from start-up right through the point where companies go public as an acquired by a competitor. The bank already had a venture capital arm, Royal Bank Capital Corp., which primarily seeks

high-growth companies with investments of \$1 million or more. What was missing was an organization within the bank that could work with scientists and university researchers to create companies from scratch—before there is a business plan, a management team or even a finished product.

As president of RBGC, Smith now leads a squad of about 30 bankers and industry specialists. Lately this month, they'll meet from the bank's new high-tech innovation hub. It's a newly renovated space on Toronto's Richmond Street, complete with a coffee bar, wireless phones and open-concept work areas.

"We're in bank's best time, we're growing so fast," Smith says about her group's current efforts. "Our new pressures are less money and more entrepreneurial, more like our clients."

The bank has given Smith's outfit \$55 million to invest, but she says they've leveraged that to more than \$150 million by forging partnerships with leading U.S. and European market assessment and strategy firms with expertise in biomedical research, agricultural technology, advanced manufacturing and e-commerce. Having laid the groundwork, the team is now searching for investments. In addition to seed capital, RBGC can offer management know-how, marketing advice and back office experience, including help with accounting and payroll.

By 2004, Smith and her group hope to create at least 4,000 high-tech jobs and 120 companies—not to mention those 50 millionaires. "We're trying to show Canada that there are wonderful opportunities here for entrepreneurs," Smith says. Besides, she adds, "If we create millions out of the entrepreneurial arena that are running these companies, we'll certainly do well for ourselves."



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Loewen seeks court protection

The once-prodigious funeral services company Loewen Group Inc. of Burnaby, B.C., sought protection from its creditors last week in Canada and the United States. The debt-plagued company, valued at \$6.3 billion in 1996, is now worth only about \$59 million. Company directors assured shareholders and employees that the long-anticipated move to reorganize the company, but liquidation of the firm's massive array of funeral homes in both countries is not imminent. It was black news for the founder and former CEO Ray Loewen. The 60-year-old, heavily indebted businessman fought off a takeover bid in 1996 that would have netted him \$100 million, but then Loewen's insurance company pursued his own aggressive expansion plans, pushing the company into a position where it is now unable to service its



Loewen: Working for company's investors

\$3.4 billion in debt and left shareholders with huge losses. At the annual meeting at the week's end, chairman John Loewy said that while the company will fight to preserve value for shareholders, they may receive nothing for their stock. Loewen Group shares closed the week at 45 cents. Loewen said he "broke" for investors, but said it likely is too small comfort to those stuck at the Ontario Teachers' Pension Plan Board, its stake was once valued at \$340.6 million.

CIBC plots a bold course

The *Canadian Imperial Bank of Commerce's* new chairman has made his mark swiftly. Last week, John Haxton unveiled plans to restructure, while pledging to slash \$500 million to costs over 18 months and to reform the bank's share price. He said "nothing is sacred" in terms of what could be cut or sold, including office space. On the same day, the bank reported a 30-per-cent drop in second-quarter earnings to \$360 million.

Financial outlook

It's payback time on the job front. According to economists, the current slowdown in job creation partly reflects



the fact that Canada enjoyed unusually strong growth in employment in the last half of 1996. The dip in new jobs, about 13,500 in May, is probably a subsiding, they said, and does not necessarily signal the beginning of a downward trend. Of the jobs created over the past year, about 263,000 were full-time positions. Such jobs tend to be more stable, bolstering consumer confidence. A hot economy helped push the U.S. jobless rate down slightly as well. The May figure of 4.2 per cent matches that seen in March, a 20-year low last achieved in February, 1970. However, overall job creation was not unimpressive: 11,000

Eaton's stores to close

Rebels, under debt and on the block, Eaton has announced that it will close two of its stores in order to make itself more attractive to potential buyers. Stores in Edmonton, Brandon, Man., and Sudbury, London and St. Catharines, Ont., will close early next year, the 60-year chain announced, reducing its staff of about 13,000 by 418 positions. The move came as investors representing Federal Trust Securities Inc., owner of U.S. retailers Macy's and Bloomingdale's, met in Toronto to review Eaton books.

Livent creditors riled

Controversy has erupted over the offer by a leading U.S. pensioner to buy Livent Inc., founded by Toronto entrepreneur Garth Drabinsky. Unsecured creditors say the \$115 million (U.S.) offer by STX Entertainment Inc. of New York City to acquire Livent's shares in Toronto, New York and Chicago and into the Phoenix of the Open does not explain how proceeds will be divided.

Pockington's paintings

Edmonton has warned Peter Pockington, senior vice president, over his attempt to sell five oil paintings to fund his court battles with the Alberta government. The Alberta Treasury Branches, which sold two of the works last week—both by Group of Seven artists—says Pockington has no right to the proceeds. Last fall, an Alberta court barred Pockington from selling his assets.

Beef bites back

The World Trade Organization has ruled that Canada and the United States may sueback against the European Union for banning their beef products. The EU believes North American beef may cause cancer because it is exposed to growth hormones. A panel is to report by mid-July on the dollar value of the sanctions.

Laura Secord heads south

The candy chain Laura Secord, named for the War of 1812 heroine, has been sold to Archibald Candy Corp. of Chicago for an undisclosed amount. The sales, the Canadian subsidiary of Swiss-based Nestlé SA, said the chain—with sales of \$85 million in 1995—was long in its business plan. Frank O'Connor founded the candy firm in 1963 and later started Archibald's Heavy Cream store in the United States.

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'He was reborn'

Witnesses defend the
embattled Montreux Clinic
at hearings in Victoria

After nearly two weeks of testimony involving allegations of force-feeding, physical confinement and verbal abuse at Victoria's Montreux Clinic, some patients and their relatives praised the atmosphere at a hearing called to determine whether it will be allowed to continue in operation. Defence witnesses included the mother of a boy who was treated for anorexia at the clinic from the age of 3. May Bruce testified that her son, David, is now a healthy 10-year-old who eats normally and lives at home in New York City. "It was like he was reborn," she told the hearing. Further, the clinic's logbooks were cited to show that its officials regularly violated provincial regulations by force-feeding the boy during his 14 months at Montreux. Another defence witness, Sapna Pillai, a 20-year-old from Providence, R.I., testified she arrived at the clinic "feeling like a zombie." She said that thanks to nearly three years of treatment at the clinic she had recovered from her eating disorder and planned to spend the summer studying in France. "I'm living a life I never thought I'd be living," she said. "The way I see it, I'll be around for another 80 years." The in-



Pillai arrived 'feeling like a zombie'

quiry called by the British Columbia health ministry to look into 28 alleged violations of provincial regulations at the clinic, adjourned until July 5 when defence testimony will continue.

Spinal repairs

Researchers in Boston say they succeeded in "linking" nerve cells to regenerate following an injury, spinal column nerve cells do not. Writing in the journal *Neuron*, the researchers say they

discovered that when they damaged one branch of the sciatic nerve in rats, the spine was severed, new nerve cells began growing around the damaged part of the spinal cord. The report speculated that damage to the branch of the nerve causing loss of the legs signalled neurons to begin growing in the spinal branch. "The question is no longer whether spinal cord regeneration is biologically possible," said Dr. Clifford Woolf, who led the study. "But when it will be achieved."

Chicken scandal

The Brussels-based European Commission ordered the destruction of Belgian chickens, eggs and egg-based products throughout member nations in an escalating scandal over disease-contaminated poultry feed. Two Belgian government ministers resigned over the scandal and police had issued charges against officials of a firm that apparently supplied tainted feed to several feed producers. It was not known how the firm became contaminated with disease, an industrial hygienist believed to cause cancer, birth defects and hormonal damage to humans.

The pill, finally

More than three decades after the birth control pill became common place in the West, Japanese women have won the right to use it. The national pharmaceutical regulatory body recommended approval of the birth control pill, and the federal government is expected by month's end. "The modern age has finally dawned in Japan," said Maki Akida of the Professional Women's Coalition for Sexuality and Health. Women's groups stepped up their campaign for the pill's approval after the Japanese government gave a swift nod to Viagra, the male anti-impotence pill, in January. Critics of the birth control pill had cited fears about damaging the nation's morals, the risk of side-effects and even environmental harm from the hormones of women using the pill.

'Andro' looks weak in strength study

Despite its reputation for muscle building—banned by bare-knuckle champion Mark McGwire's admission last year that he used it—the hormone androstenedione seems to have no effect on muscle development, according to a U.S. study. However, it may increase the risk of heart problems and other diseases and promote breast growth in men, it concluded. Researchers at Iowa State University in Ames studied 20 men doing an eight-week weightlifting program. Half received a placebo and half got a daily 300-mg dose of "andro," a substance produced in small amounts in the human body and—in a synthetic version—used by some bodybuilders and athletes. Writing in the *Journal of the American Medical Association*, the researchers said they could detect no difference in strength between the two groups. They also said the men who took the supplement showed declines in high-density cholesterol, which helps to protect against heart disease.

The King of Gross

With *Austin Powers*, Mike Myers has tapped into the spirit of the '60s—and the '90s

By Brian D. Johnson

Mike Myers will not reveal his source, but he insists it is impeccable. Apparently, the late King Hussein was a fan of *Austin Powers: International Man of Mystery*. And before his death from cancer last February, the Jordanian monarch, who had lost his hair from radiation treatment, took great delight in doing imitations of Dr. Evil, the bald arch-villain played by Myers in *Austin Powers*. (Cryptogenically frozen in the '60s, and defrosted in the '90s, Dr. Evil becomes a laughing stock among world leaders when he attempts to annihilate the planet unless

he receives a million of "one million dollars.") Hussein "would do Dr. Evil all the time," says Myers. "Totally, he was to me a mixture at the Pentagon and he turned to people and said, 'Gentlemen, I would like 20 P-10s—and one million dollars!'"

Now all we need are rumors that Bill Clinton was around the White House saying, "I wish I had! Oh, I wish! Shaggy-did!" Not since... well, not since Myers hatched *Wayne World* in 1992 has a movie latched itself onto the zeitgeist with such a production of Velcro-like catch phrases. Austin Powers, the bawdy British spy with the folky charm, fake choir hair and bad teeth, has become a caddy

muscle for teenage society of correct behaviors, a symbol of safe sex. In 1997, *James* became the bigger motion picture of all time, but *Austin Powers: International Man of Mystery* offered up the year's most unshakable schtick. And now the sequel, *Austin Powers: The Spy Who Stopped Me*, is being launched as gay course-programming to the next biggest motion picture of all time ("If you see only one movie this summer," the ad goes, "see *Star Trek*. But if you see two movies...") But it has become an overtypical blockbuster in its own right—complete with a Madonna video, and a line of merchandise that includes a rolling Pelican Stupido doll and collectible 10¢ Canadian coffee coins.

In accordance with the law of sequels, the follow-up lacks the freshness of the original, and tries too hard to imitate a few well-worn gags (page 56). But, speaking of imits, one has to admit the naughtiness of its misfiring synergy that has *Austin Powers* sporting a milk mustache in its dairy industry advertisement, then showing up in the movie wearing a beaver variant of it after awfully drinking a glass of lactated coconut. Yes, the gross-out taste humor in *The Spy Who Stopped Me* doesn't drop into the *James* territory. And it is hard to imagine anyone being old enough and smart enough to pick up the movie's cynical cultural references while maintaining sufficiently immature to lap up all the dumb comedy.

Myers seems to assure us anyone who thinks the character's demented charm should have found such wide currency. "It's outrageously disgusting," said the police 36-year-old Canadian actor, holding court in an abandoned casino atop the Corbett Hotel during last month's Cannes International Film Festival. In its heyday, the casino was the kind of place where a dinner-picked James Bond, or a reluctant Austin Powers, would have felt right at home, challenging some dull regulations to a game of baccarat. But Myers, wearing a T-shirt with a



NASA baseball cap perched over his crew cut, does not look remotely like an international man of mystery.

He looks like a Canadian. And, although he is an expatriate living in Los Angeles with his wife, songwriter Robyn LaRocca, he remains a die-hard fan of the Toronto Maple Leafs ("If the Leafs win," he says, "we'll drink their playoff beer from Canada. I think I'll and a good Yankee Stein would, playing the role. That's one row he will not have to keep at least this year. "But when that day comes," he says, "there will be the sound of oranges. Those that were faithful will be taken up to the kingdom of heaven. Those that were doubters will be smothered. I definitely bleed blue."

Myers is a star with the soul of a fox. He works the part, and has made a career out of feigning it—coinciding *Wayne World* from a '70s adolescence of donut shops and heavy metal, then fabricating *Austin Powers* from teenage memories of a boyhood spent watching spy movies on TV. Myers grew up in the Toronto suburb of Scarborough, one of three sons born to Eric and Burrey Myers, who immigrated to Canada from England in 1956. His mother was an actress who gave up her career to raise her children. But Myers points

to his father, who died in 1981, as his greatest cinematic inspiration. Eric, a Liverpoolian who made his living selling the *Encyclopaedia Britannica*, introduced him to Mickey Pybus and Peter Sellers, influences that left an indelible mark.

No matter how broad his comedy goes, Myers insists with aware detail and a madman's wit. At a summer symposium to Toronto's York University, he addressed an essay with his application titled "Joseph Campbell's Cosmogenic Monomyth Cycle and *The Spy Who Loved Me*." But he chose show business as his postsecondary education. On his last day of high school, Myers went straight from winning his final exams to acting as audition with Toronto's Second City comedy troupe. Eight years after joining Second City, Myers landed a job with *Saturday Night Live*, where he created a gallery of memorable characters—from head-banger Wayne Campbell to Colton Tubb's Linda Richman.

After six years at SNL, and the success of two *Wayne World* movies, Myers took a year and a half off to work, to reexamine his hockey skills and to read. During the sabbatical, he says, "I heard the song *The Look of Love* by Burt Bacharach. And all the childhood memories of my father, of watching *Mean Streets* and *Becky Hall* and *Gary Glavin* movies and *The Mouse that*



The Canadian actor, with on-ster Graham (above right), is at an assumed as anyone else that his character's absurd charm has become so widely popular

Behind the goofy antics of Myers's characters is an actor who is fanatically dedicated

Revered and Scoundrel, all the James Bond movies... it all came back," Myers wrote. *Austin Powers* in three weeks. He wrote the script on a napkin at New Line Cinema. "I sent it over at the meeting, and the afternoon he goes in it, which is unheard of," says Myers. The movie compact 18 million to make, grossed 180 million at the North American box office, and \$63 million in video rentals.

Behind the goofy antics of Wayne Campbell and Austin Powers is an actor who, by all accounts, is fanatically dedicated. "He's a very serious, hardworking

of Swiss psychobabble, a Shirley Temple cocktail of sex, drugs and rock 'n' roll, without the drugs. And Myers has a theory for it. In the *Series*, he says, "everything got redesigned, and the subject was 'I'm sexually liberated and you're an uptight square and you can't handle it.' Everything was sanitized. Even the jumbo jet was sexy. And obsession of any kind is inherently comedic, that obsession with trying to freak people out—this is a crazy movie, it should have a glue, you can't handle it!"

Some people even find *The Spy Who Shagged Me* too hard to handle. In England, where "drag" is considered slang as rude as its F-word synonym, some newspapers hesitated to run ads for the film. And in Singapore, censors insisted on changing the title to *The Spy Who Shagged Me* in the local Slang dialect, the word "shag" means "to speak well of," explains Myer. "So it's *The Spy Who Shagged Me*." I think that's hilarious. This always happens. In Italy, *Myer's World* was called *Confusion de Teste*, or *Confusion of the Head*, and in Portugal the title translated as *Don't Coast These Out But They Are Not Necessarily*.

Like his Canadian counterpart Jim Carrey, Myers has made his name playing two kinds with arrested minds, and makes a science out of screwing kinds. "Right now," says Myers, "pop culture is an appetizer." We're trying a bit of this and a bit of that. It's weird to think there's no movement in music. Rap at 30 years old. Techno struggles. *These Boots Are Made for Walking* against a Koolhaas beat. It's like a landscape—you just run it and it's the new creation."

Which is exactly what Myers has done with *Austin Powers*. Tapping on-screen moments and TV drama, that child of the Canadian suburbs has spun British wit and American vulgarity into a wild confusion that seems neither British nor American—another case of secret cultural identity. Who knows? Perhaps the mild-mannered Mike Myers is just a thing-a-dee double agent—working undercover with Canadian intelligence. **B**

Good and Evil

Austin Powers:
The spy who shagged me
Directed by Jay Roach

As with the James Bond films that it mixes with maddling efficiency, the most fun is to be had in the opening credits, which begin with a prologue in the 3-D lettering of *Star Wars*, a voice on the sound track that sounds like Shirley Bassey with a throat infection, and a montage that has Austin Powers cooing with synchronized swimmers. For the first half of the film, it's the premise kids in, the gaps just keep on coming. And so in credit, this is one movie that never pretends to be more than the sum of its jokes. But eventually the schtick wears thin, and then *Austin Powers* sequel feels blessed by a movie stronger to sound the original.

With a victory in nominations of Peter Sellers, Myers plays two roles: sophisticated photographer Austin Powers, his arch-enemy Dr. Evil, and a newly added henchman, a disgusting 500-lb. Scar named Fat Bastard. The drill Dr. Evil is, once again, the richest character. The sequel finds him headquartered in a San Francisco town, and appearing on *Jeop* Springer with his pants on (Shy Gears) in a show called *My Factor: A Real and Blame to Take Over the World*. Reversing the original story line, the sequel sends Austin and Dr. Evil back in time, to 1969. Dr. Evil somehow steals Austin's "moo"—the blades—and our hero spends the movie trying to get it back, with the help of Felicity Shagwell, a CIA asset Body played by Heather Graham.

The sequel often seems a little tedious, notably a midlife clinic of Dr. Evil named Mini-Me, and looks a little like Woody Guthrie and Willie Nelson. But as the script runs out of ideas, it falls back on a series of sociological sight gags. With Myers' campy work overdone, the comedy, like in average adolescence, is constrained before the movie ends.

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Education

Classroom crunch

Tina Tremblay will remember their names: There was Mr. Ross, the science teacher, and Mr. Moore, who taught physics. They were the teachers who made learning fun, and they started the bid from Kapuskasing, Ont., dreaming about giving up in favor of a class transfer. At 24, Tremblay graduates this month from the faculty of education at Queen's University in Kingston, Ont.—and he could not have chosen a better time to realize his dream. Even before he completed his courses in North Bay, Ont. Days later, he took a position in Kenora, Ont., and declined four interview requests from other boards that followed closely behind. "It looks like this year they're going to get us instead of



Tremblay and students, jobs available

us having to find them," says Tremblay. "We're in the driver's seat."

For the moment, the outlook for new graduates is more rosy in Ontario, where more than 10,000 teachers retired last year. In the short term, Alberta sits at the opposite end of the spectrum

school boards, according to provincial funding cuts, expect to lay off 7,500 teachers this fall, despite a rapid rise in student enrollment. That experts say a demographic time bomb is ticking across North America, and provinces must start planning to avoid a crucial shortage. Thousands of teachers hired to educate the baby boom generation will be retiring within the next 10 years. Anywhere from one-half to two-thirds of the teaching force in each province will have to be replaced, and additional teachers may be needed to accommodate the so-called echo boom. "There's going to be a lot of competition for qualified teachers over the next few years," says John Staple, director of economic services for the Ontario-based Canadian Teachers' Federation. "And there are concerns the supply may not meet the demand."

Cuts are already beginning to show. The unemployment rate for teachers in Canada dropped to 2.7 per cent last year from 4.3 per cent in 1995. Many school boards are wrestling with a serious shortage of substitute teachers. Several school districts in the Vancouver area are

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Education

Up to two-thirds of teachers will retire within the next 10 years, and school boards could face a critical shortage

leaving education students to fill in even before they graduate. And last year, the Ontario College of Teachers, the profession's provincial governing body, appealed to retired teachers to consider taking substitute work. Meanwhile, an increasing number of parents are complaining about unqualified substitutes, says supervisor Margaret Wilson. "They phone and say, 'It was babysitting today because the person didn't know how to deliver the curriculum.'"

In some disciplines, the full-time ranks are also waning: thus Instruction in math, science, trades and computer technology are in high demand across the country. Robust economic growth in many areas has increased the number of better-paying jobs available to gradu-

ates with technical backgrounds. Ken Krueger, president of the B.C. Teachers' Federation, fears that increasing antagonism towards teachers from both politicians and the public has had a serious effect. "Teacher-bashing," says Krueger, "is hardly the way to create an environment that attracts the best people."

If Ontario's experience holds true, however, there are still plenty of candidates willing to step up to the blackboard. As full-time hiring fell off between 1990 and 1997, applications to the province's 11 faculties of education declined dramatically—but have bounced back with a vengeance, jumping 62 per cent from last year. Ontario has agreed to fund additional quotas for student teachers; over the next two

years enrolment will rise to 6,000 from 5,000. Ken Upton, dean of the faculty of education at Queen's, says the move will help the province avoid the situation of the 1960s, when teachers were certified after what are known as six-week "summer wonder" courses. "That scared the hell out of me," she says. "I think we're far better prepared this time."

Still, the demand for teachers has truly gone global, and Canada will have to compete with the rest of the world. Recruiters from Asia, Latin America, New Zealand, Britain and several U.S. states are already showing up on Canadian campuses. The United States is facing its largest teacher shortage in history, with the demand expected to reach 200,000 a year for the next 10 years. In some states, recruiters have offered signing bonuses as high as \$20,000. The growing global shortage is bound to reduce public attention on the important role teachers play. For schools struggling with yawning gaps in staffing, that role is already painfully clear.

John Schofield

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July 5 – 11
Just for Laughs Festival
July 15 – 25
de Montréal Open Canada's International
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The World Film Festival
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Respect for a 'gift from God'

Acclaimed author Austin Clarke is honoured for nurturing young writers

Shortly before the legendary Prairie writer W. O. Mitchell died last year, he learned that a new literary award was to be named in his honour. "Give it to someone who didn't quit," was Mitchell's typically glib advice. Last week, the Writers' Trust of Canada, which administers the \$15,000 W. O. Mitchell Literary Prize, did just that. In a ceremony in Calgary, Austin Clarke, 64, became the second annual recipient of the award (Toronto novelist Barry Calhoun was the first). A native of Barbados who emigrated to Canada in 1955, Clarke overcame racism to become one of the country's most acclaimed authors. But Clarke says the W. O. Mitchell prize holds special significance for him. In addition to recognizing a writer's body of work, it places equal emphasis on mentorship. "I consider my writing to be a gift from God," says Clarke. "And one way I have of repaying that gift is to help younger writers."

Second-based Clarke has a long list of literary accomplishments eight novels, including *The Origins of Blues* and *The Biggie Eagle*, six short story collections and three memoirs that richly evoke the black immigrant experience. He has also enjoyed a distinguished teaching career at, among other institutions, Yale, Brandon and Duke universities. However, behind the lofty résumé is a history of adversity. In a 1963 article published in *Atlantic*, "A Black Man Talks about Race Prejudice in White Canada," the university-educated Clarke wrote about his inability to find a decent job and of being routinely snubbed by waitresses and sales clerks in favour of white customers. Such disappointments, he wrote, sound him on applying for Canadian citizenship.



Clarke's tales that richly evoke the black immigrant experience

Clarke finally did become a Canadian citizen in 1985—as an acknowledgment, he says, that while racism persists, federal and provincial governments have at least passed laws officially prohibiting discrimination against visible minorities. But Clarke, whose forays into journalism over the years include television documentaries on such civil rights leaders as Malcolm X and Stokely Carmichael, has only mellowed so much. "Coming from a colonial background," says Clarke, "I have found that one cannot indulge in the luxury of seeing any separation between literature and politics. They are one and the same."



Sayles in *Common*: An independent and critically successful movie actor is at odds with comic business

The lone director

American director John Sayles is known as a pioneer in the world of independent filmmaking. And lately he has been going off the beaten track in more ways than one. His 1990s movies have taken him to the Louisiana bayous (*Passion Fish*), the Irish coast (*The Secret of Roan Inish*), a Texas desert (*Lone Star*) and the Mexican jungle (*Men with Guns*). But when Sayles decided to shoot his new movie, *Lone*, in the Alaskan wilderness, he ran into unexpected interference. "It was the only time I've had to say 'cut' because whales were spouting behind our actors and upsetting them," recalled the 60-year-old director as he surveyed

the Mackinac Island from a boat's terrace before *Lone*'s premiere in Cannes last month.

The movie features Mary Elizabeth Mastrantonio as a folk singer who gets stranded in the bush with her teenage daughter and a fisherman portrayed by David Strathairn. It raved almost constantly during the shoot, which suited the script but not the crew. When the grips complained about lugging equipment into the forest, however, Sayles told them it was a ploy compared with filming *Men with Guns* in Mexico. "In Alaska there is this spiky low-growing bush called devil's club," he says. "But you can avoid it. In the jungles of Chiapas everything is spiky. There's nothing you can grab onto that's not going to put a hole in your hand or give you a disease."

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Allan Fotheringham

The lessons of Kosovo

And so what did the undared war on Serbia teach us? The only war in history where not a single soldier was killed by the enemy among the good guys?

We learn that President Bill Clinton, nominally the most powerful figure on earth, is still terrified of his post, when as a long-haired student he dodged the Vietnam draft, and so was determined that not a single body bag would come back from across the ocean.

We learn that Prime Minister Tony Blair, as a long-haired cadet, also opposed the Vietnam War. And now, as Sir Winston Blair—as the Fleet Street rags have dubbed him—he serves the racism from the nervous Clinton and attempts in the greatest bowk in NATO, knowing that a belittled Margaret Thatcher was re-elected by leaning up on the Balkans.

We learn that German Chancellor Gerhard Schröder, as a long-haired lad, demonstrated against the Vietnam war. On the principle of course—along with the two above—that the United States had no business interfering with an internal dispute in a foreign land.

And now a new generation of German soldiers are prepared to march into Yugoslavia, where 50 years ago Marshal Tito's valiant partisans held off another group of German soldiers, going by the name of Nazis.

We learn that Canada is so important in the great scheme of things that when the G-7 defence ministers met secretly as a peace approached, they "forgot" to invite an Egyptian, the influential Liberal defence minister who is a natural and obvious member whenever he opens his yap on television.

We learn that NATO, established as a defence mechanism, now finds free to act as an attack force, without bothering to consult or get the approval of the United Nations, to which all 17 participate belong.

To the extent that UN Secretary General Kofi Annan finds so defanged by the whole process that he says, respectfully, "This is not a situation that has given any of us joy. We are depressed and we are unhappy about it—and slightly lost." Those are the virtues of victory?

We learn so despatch with the transportation of the Canadian armed forces that another we were sending by boat would have ended up in the war time weeks after the bombing ceased.

We learn that our Prime Minister, who could not figure out a way to get from the ski slope to the funeral of the king of Jordan, is so marginalised in this conflict as to leave all the heavy lifting to Foreign Affairs Minister Lloyd Axworthy.

Who, we will recall, opposed the Vietnam War and has recently been packing "nuk power," but since the bombing started was in there, shoulder to shoulder with the big guy.

This being the same Prime Minister, naturally, is trying to out this dictator who was last seen trying to protect dictator Slobodan from all those dangerous students who were armed with sidewalk protest posters.

We learn, of course, that the lovely term "collateral damage"—made famous in the Gulf War—falls just about as many civilians in Serbia when the "sure better" that we'll so smart hit the occasional Chinese Embassy or a hospital or two.

And we observe, every day in every way, how Clinton's moral authority has disappeared as he is wiped out more and more in American headlines by his determined-for revenge wife who is running for a Senate spot from New York and declares that whatever happens, "I plan to live in New York," win or lose. He may find it lonely in Hollywood.

We learn, even the NATO commanders concede, that the accused war criminal Slobodan Milosevic will undoubtedly never stand trial in The Hague as no one is willing to grab him.

While the million Kosovars are told they can go back to where their houses have been burned down, their raped and their maimed bodies tell the story.

We learn, essentially, that 19 different generals—erecting a war without declaring war, without a real plan as to how when they were going, with confidence as to who would ground troops and who didn't and the commander-in-chief in Washington refusing and/or afraid to risk casualties because of his own reputation—and up killing civilians, bombing Serbia back to the Stone Age and the bad guy was still free and home.

An armchair soldier learns a lot from observing those who know not what they are doing, leading those under them to undefined goals, unknown objectives and unsatisfactory results for all.

It's been a cruel war.



By Peter Kuper

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